



Czechia Report

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Sustainable Governance in the
Context of the COVID-19 Crisis

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Executive Summary

Faced with the first recorded case of COVID-19 on 1 March 2020, the Czech government implemented a state of emergency with quite stringent lockdown measures almost immediately and quite effectively. Fear was inspired by news reports of the pandemic in Italy. As of mid-April, measures were gradually relaxed, even though a significant number of people were still testing positive every day and case numbers began increasing again by late June. By early September, testing results showed a positive rate of over 5% and more than 30% by the end of October 2020, indicating an uncontrolled spread of infections. After having fared so well during the first wave of the pandemic, Czechia dropped the ball in terms of testing and contact tracing and was, by late October and early November, one of the worst-off countries in Europe in terms of its death rate.

Reasons for this failure cannot be found in a lack of economic preparedness. Czechia's public debt level was low before the outbreak of the COVID-19 pandemic, and no serious threat was posed by a budget deficit of 7% of GDP that was needed to finance spending on health and on maintaining up to 100% of wages in sectors suffering from forced closures in 2020. That said, those sectors hit hardest by the pandemic do not comprise a large share of the Czech economy. GDP for the year 2020 fell by only 5.5% as manufacturing exports recovered quickly, albeit without altering that sector's dependence on low-wage production. Though weak, the country's research community could have been better leveraged to counter the pandemic. And while no new vaccines were developed in Czechia, the country played a small role in manufacturing them. Hospitals in the country feature highly qualified staff and modern equipment, and the public health system, despite having to grapple with limited staff numbers and resources, coped adequately during the first wave. Its subsequent failure could have been mitigated had effective measures been introduced in the spring and summer.

The principal source of the Czech failure lies in the inability of the government to appreciate the seriousness of the health situation and to be resolute in making hard decisions. Prime Minister Andrej Babiš, who controls his own party and ensures that much of the media remain loyal to him, encouraged and thrived off of a sense among the public mood that the pandemic was over. He sought popularity rather than expert advice. Parliament

exercised its ability to control the executive, by engaging in repeated debates on emergency measures, thus ensuring that the pandemic did not become an opportunity for a greater concentration of personal power (Guasti 2020a, 2020b). However, a second lockdown was delayed in the interests of appearing successful prior to regional elections in October. The EU's Recovery and Resilience Facility, which offered resources, through both grants and loans, that could help finance a green and digital transformation, was not taken seriously. A hastily prepared draft proposal for funding was delivered to the president of the European Commission after only a very brief and tokenistic public discussion in which no alternative view was taken into account. It remains to be seen whether a more serious approach to the greater challenges facing the country will eventually prevail, and draw on a strategy aimed at overcoming many weaknesses that have been exacerbated by the pandemic in terms of gender inequality, education, research, health and social inclusion.

Key Challenges

The failure of the government to seek out and follow expert advice on COVID-19 issues accounts in large part for the country's poor performance in managing the crisis toward the latter half of 2020. This failure was a consequence of the prime minister's hold on power and desire to seek instant popularity while ignoring or stifling alternative views. Ensuring that relevant voices can be heard and carry influence is a key challenge moving forward. The fact that the prime minister wields considerable political and media power and can count on the loyalty of his own rigidly controlled party and major media outlets, is one part of the problem.

The ephemeral nature of serious advisory bodies – in which a body is created, plays a central role in helping formulate a policy response for two months of the pandemic and is then dissolved – should be brought to an end. The country needs permanent structures and means by which expert opinion is channeled to the government and the public. Existing consultation structures should be given greater weight and thereby strengthen the voice of trade unions, business and the variety of NGOs that have shown their value in pointing out government failings. The pandemic has also exposed weaknesses in terms of the government's approach to EU affairs and the need to prioritize a green transformation of the economy. Taking full advantage of the Recovery and Resilience Facility will thus present a major challenge for the government.

Among other weaknesses, the pandemic has demonstrated the necessity to accelerate digital transformation and the use of robotic devices . The nature of work is already undergoing a profound transformation, and Czechia should adapt its educational system (primary/secondary/tertiary and life-long-learning) accordingly. The country should also increase investment in R&I and thereby promote knowledge transfers across research, universities and industry. It should also significantly increase its support for technology startups, alongside intellectual property rights. The pandemic also tested the country's safety net, highlighting weaknesses regarding vulnerable populations – the socioeconomically disadvantaged, children, single-parent households, and low-income populations. But the pandemic also highlighted the precariousness of the middle-class, as an extended crisis will see more people slump into poverty. Economic insecurity, housing insecurity, and even food insecurity must be addressed. While many employees were retained during the pandemic due to government relief programs, the pandemic's impact will be felt in the upcoming years. The government cannot rely on civil society alone to fill the gaps in its safety net. The tax reform adopted in November 2020, which cut personal income tax revenue, will have a perilous impact. At worst, it will lead the country into a debt trap and, at best, limit the funds available for other economic and social recovery measures. The pandemic also distracted attention away from the need to address environmental issues and work toward an energy transition. Nuclear energy is likely to remain an important pillar of Czechia's energy mix. Attention ought to be paid to the selection of international partners that are needed to build a new nuclear powerplant. This involves a careful calculation in which costs, national security and international alliances are balanced. The politicization of decisions on critical infrastructures undermines national interests and the image of the country among allies.

Resilience of Policies

I. Economic Preparedness

Economic Preparedness

Economic Policy
Preparedness
Score: 6

Past policies have provided the country an economic framework that is capable of promoting resilience in the face of the COVID-19 pandemic. Per capita GDP is close to the middle of the OECD range, and GDP growth, which has been robust in recent years, has been driven in large part by incoming multinational companies that produce for exports going overwhelmingly to other EU member states. This means there is a strong bias toward manufacturing, particularly motor vehicles, as 40% of the labor force is employed in industry and construction, sectors that suffered temporary reductions in production and consumption during the pandemic. Czech production is also biased toward a lower-priced products demand that would be less severely hit in the event of a longer-lasting depression. Sectors that are most vulnerable to the pandemic have been service activities, especially accommodation and hospitality services, and these are relatively poorly represented in the Czech economy, accounting for only 2.1% of value added in 2017, far below the levels of countries heavily dependent on tourism.

Decisions that need to be made in terms of adapting to changing external circumstances is primarily left up to multinational companies. Transformation toward a low-energy economy with low greenhouse gas emissions has been slow, with the latter well above the OECD average. This is partly a reflection of the heavy dependence on material-intensive manufacturing and partly the result of reluctance to reduce the country's dependence on coal as an energy source, in view of social and economic effects on the areas in which it is mined. Czechia has been a hesitant follower of EU policies aiming toward a green transformation.

Labor Market
Policy
Preparedness
Score: 8

Labor Market Preparedness

In the years before the COVID-19 pandemic, Czechia experienced a labor shortage that, according to evidence from employer surveys, has been more severe than in any other European country and thus affects most of the country and all skill levels (EIB 2018, p.39). Reasonably high skill levels, labor costs at about half the average EU level, an adequate infrastructure and a favorable geographical location make the country attractive for inward investment. This has been more important than specific labor-market policies in ensuring an exceptionally low rate of unemployment – the lowest in the EU in 2019 – and also a low rate of long-term unemployment, which is slightly elevated in older industrial regions and in part by the presence of specific types of disadvantaged groups. The lower-paid are protected by a statutory minimum wage, though this was at only 38.2% of average earnings in 2019. Employment law is in line with EU law. It provides protection against arbitrary dismissal, and it ensures compensation for collective dismissals, though the standards in this regard are lower than those commonly found in western Europe. Collective bargaining also enjoys some legal protections and covers roughly half the labor force. Above all, employees in much of the economy are protected by their industry’s market strength and by modern industry’s requirement for a stable labor force.

Despite the favorable overall labor-market performance, some challenges have remained. When the COVID-19 pandemic hit, there was no subsidized short-time work scheme in place. Prolonged debate over efforts to introduce such a scheme modeled on the German Kurzarbeit in the wake of the 2008-09 financial crisis failed to yield a solution. Labor inspectorate reports show that some employers ignore the legal protections in place to which employees are entitled. Bogus self-employment is also prevalent, which means that an estimated 2% to 4% of the workforce have no security. Temporary agency work is also relevant, with estimates placing this at anywhere from 0.7% to 5.9% of the labor force. A further challenge is seen in the relatively low employment rate among women, which results in an overall employment rate that is somewhat below the highest among the surveyed countries. This is a result of policy choices made in the 1990s which reduced support for early childhood care and increased parental leave entitlements, also with some financial support.

Citation:

EIB (=European Investment Bank) (2018), EIB Investment Report 2018/2019: Retooling Europe’s economy. Brussels (http://www.eib.org/attachments/efs/economic_investment_report_2018_en.pdf).

Fiscal Preparedness

Fiscal Policy
Preparedness
Score: 7

Before the COVID-19 pandemic, the country's favorable economic performance has enabled the Czech government to retain its objective of reducing the general government budget deficit and stabilizing the public debt, while also allowing some expansion of domestic demand. While the central government has posted small deficits, the general government budget showed a surplus from 2016 to 2019. Despite slowing economic growth, the government met its fiscal targets in 2019. Lower-than-budgeted investments and better-than-expected EU fund flows helped make up for a slight tax shortfall. In order to limit the central-government budget deficit, the government postponed tax cuts planned for 2020. The 2020 budget was adopted only with the help of President Zeman, who convinced the Communists to support it.

Public debt largely falls upon the central government. There is little effective devolution of spending levels to local and regional authorities – sums are largely allocated from the center – and debt levels of local and regional authorities are very low. The public debt-to-GDP ratio gradually declined in the years leading up to 2019, when it reached 30.2% of GDP. Gross interest payments reached only 0.74% of GDP in 2019, one of the lowest levels among OECD members. However, as a small country with an independent currency and without great financial strength, Czechia has to pay slightly more to borrow than larger EU members. Thus, at the end of 2019, the yield on 10-year government bonds – an indication of the interest rate that has to be offered to raise finance and hence of international confidence in the country – was 1.59%, compared with figures of 1.43% for Greece, 1.38% for Italy and 0.24% for Germany.

Although not a member of the euro zone, Czechia finally accepted the rules of the Fiscal Compact (a stricter version of the Stability and Growth Pact which set a maximum permissible budget deficit at 3% of GDP and the maximum level of state debt at 60% of GDP). The law on Fiscal Responsibility, adopted in 2017, became effective in 2019. It sets debt limits for all tiers of government, introduces a central government expenditure ceiling and creates an independent Fiscal Council (Národní rozpočtová Rada, ÚNRR). It is hoped that this will increase external confidence in the country's economic policies, but it will also constrain borrowing if the rules are strictly applied.

Research and
Innovation Policy
Preparedness
Score: 5

Research and Innovation

The quality of physical infrastructure suggests a high degree of inherited resilience to crisis. The country's transportation system, modernized in recent years with the help of EU funds, ensures good links with economically strong countries of western Europe and is adequate for attracting and retaining inward investment from manufacturing multinational companies. Policies regarding research and innovation are less impressive. Past governments have demonstrated commitment to reaching the EU target of 2.5% of GDP spent on R&D, and the level increased to 1.9% of GDP in 2013-2015 before slipping slightly again thereafter. The raw data show a bias toward public research spending with reasonable levels of private research spending. Public spending has been temporarily boosted in recent years primarily by EU-funded investment in physical infrastructure. It remains to be seen how well this infrastructure will be used, as this is reflected only somewhat in the growing number of researchers – which is low by international standards – and near-negligible in terms of measurable outputs. License receipts and patent applications leave Czechia at the same level as countries with very weak research bases. So far, innovation in products and processes has depended on foreign-owned multinational companies importing technology while conducting most of their research in higher-income countries. The low level of research and innovation in Czech-owned firms is illustrated by the government's Innovation Strategy of Czechia 2019-2030, which was adopted by the government in 2019 (Council for Research, Development and Innovation 2019). Despite promises of a bright future, it is vague on priorities. Formulated in part through consultations with major foreign companies active in Czechia, no significant Czech-owned company was consulted. This suggests that no attempt has thus far been made to develop a strategy based on new-firm formation or high-tech spinoffs. Innovative resilience depends on whether incoming companies will choose to locate their most advanced activities in Czechia. So far, for the most part, they do not.

Citation:

Council for Research, Development and Innovation (2019): Innovation Strategy of the Czech Republic 2019-2030. Prague (<https://www.vyzkum.cz/FrontAktualita.aspx?aktualita=867990>).

II. Welfare State Preparedness

Education System Preparedness

Education Policy
Preparedness
Score: 6

Public expenditure on education is below the EU average. The early school-leaving rate has risen but remains among the lowest in the EU. Czechia is the OECD country with the highest share of 25 to 34 year-olds with upper secondary or post-secondary non-tertiary education as their highest attainment (OECD 2020: 41). This reflects a strong tradition of vocational education and training and a relatively low tertiary education attainment rate. While the existing structure of qualifications is suited to the current structure of the Czech economy, it may serve as an obstacle to upgrading or upskilling the workforce.

Socioeconomic inequalities in school outcomes have risen. There are wide regional disparities, and educational inequalities are quite often passed through the generations. For example, less than 20% of children whose parents did not obtain a tertiary education obtain a tertiary degree themselves. Roma children continue to be marginalized and are disproportionately educated in special schools (Roma children represent about one-third of the pupils; 10.3% of Roma children are educated in special schools, compared to 2% of children overall).

The shortage of qualified teachers has been identified as a key problem, which the Babiš government promised to begin addressing with a 15% pay increase in 2018. However, this measure was postponed, eventually to November 2019, and then reduced to a 10% increase, with teachers' resulting strike dismissed by the government as showing them to be "ungrateful and unreasonable."

Before the COVID-19 pandemic, there was considerable investment in computers in schools, reaching an availability of 30 per 100 pupils in higher level basic education. Investment benefited from EU funding, as the rate of absorption of EU funds within the education sector has been excellent. Use of the internet by 15-year-olds at home is 99% and at school 81%, suggesting a high level of basic preparedness for online learning. However, the existing socioeconomic inequalities and regional disparities are also reflected in the fact that a minority of schools have poor access to IT resources, educators do not always have the IT skills to use the latest technology, and a relevant number of children do not own computers and other devices.

Citation:

OECD (2020): Education at a Glance 2020. Paris (https://www.oecd-ilibrary.org/education/education-at-a-glance_19991487).

Social Welfare Preparedness

Social Welfare
Policy
Preparedness
Score: 7

Measures of inequality show Czechia to be the most equal of all countries in the EU and OECD. This is partly a reflection of its economic structure, which features high employment levels, relatively few wealthy entrepreneurs and the fact that sectors with high earners such as finance and banking do not make up a large share of economic activity. Regional differences are also relatively small: disposable per capita household income varied in 2019 from 17% below the country's average (in Ústecký region) to 25% above the country's average (in Prague). A social safety net provides some protection in the event of unemployment, but does not fully protect against social exclusion. Compared with the EU average, welfare spending is particularly low in supporting the unemployed (including relative to the numbers unemployed) with full benefits restricted to only six months at 50% of previous pay for the last three months. Thus, almost 30% of the unemployed in 2019 received no unemployment benefits, while the average benefit to those that did was 23% of the average earnings level. Low-income groups are also often trapped in a spiral of debt. As of 2020, there were 783,000 citizens facing legal obligations (including the confiscation of personal property and compulsory deductions from earnings due to their debts). A high number of these debtors are facing more than one such court order, such that the ongoing total in 2020 was almost 4.5 million. Debtors are disproportionately located in economically weaker regions (Usti Region has 126 per 1,000 inhabitants). Social exclusion is especially prevalent among the Roma population (about 2% of the Czech population), which also often falls into the spiral of debt. Lack of affordable housing leads vulnerable populations into short-term commercial accommodation at a disadvantageous cost, and in some cases to homelessness. The attempt of the Babiš government to tackle the lack of affordable housing for young couples below 36 years of age by providing state housing loans, has not been successful so far. Homelessness is on the rise and is especially concentrated in urban areas.

Healthcare System Preparedness

Health Policy
Preparedness
Score: 7

Measurable levels of health of the Czech population suggest a small lag behind richer European countries. Healthy life expectancy is still somewhat lower and the number of smokers in the population, at 21%, is still quite high. The healthcare system, based on universal compulsory insurance, ensures a wide range of choices for both providers and consumers of healthcare and provides a high level of service by international standards. Czech healthcare has been

financed primarily through a public health insurance system. In the coming years, the aging of the Czech population is sure to drive up healthcare and social care costs, placing the current financing system under strain.

At the outset of the COVID-19 pandemic, the healthcare system was reasonably well resourced. Thanks to the country's large hospital sector, the number of intensive care beds was relatively high. The density of doctors has been similar to the EU average, and the density of nurses has been only slightly below the EU average. However, regional differences in the distribution of health professionals have deepened for some time and have contributed to some regional disparities regarding the quality and accessibility of care (OECD/ European Observatory on Health Systems and Policies 2019, pp. 8, 18). Hospitals have reacted to staff shortages and relatively rigid legal limits on overtime by employing immigrant staff, with Slovakia and Ukraine being the key sending countries.

Citation:

OECD/ European Observatory on Health Systems and Policies (2019): Czechia: Country Health Profile 2019, State of Health in the EU. Paris: OECD, Brussels: European Observatory on Health Systems and Policies (https://ec.europa.eu/health/sites/health/files/state/docs/2019_chp_cs_english.pdf).

Families

Family Policy
Preparedness
Score: 6

While there is a dedicated government committee in charge of enabling the combination of parenting with participation in the labor market, many parents struggle to do so. The employment rate for women with children in Czechia is below the OECD average, which reflects the low number of facilities for very young children and the assumption that such children should be looked after at home. Enrolment in such facilities for the 0-2 age group is at the exceptionally low level of 6.3%. It is considerably higher among older age groups, reaching 93% for 5 year-olds. In addition to the still insufficient number of slots in preschool facilities, another reason for the low employment of women with young children is employers' insufficient willingness to provide part-time work or flexible working hours. Although the Labor Code entitles parents caring for a child or children under the age of 15 to part-time work, only 10.9% of women were employed part-time in 2018. This compares to an EU average of 31.3 %. The number of involuntary part-time workers – i.e., those who would prefer a full-time job if it were available – is also very low at 6.7%, which is again consistent with more being willing to work part-time if the opportunity arose.

In 2019, the Babiš government adopted a reform of the parental allowance aimed at facilitating the reconciliation of parenting and labor market participation. The hitherto existing ceiling on the amount of earnings

compatible with the receipt of the parental allowance was abolished. From the age of two, parents can now also put the child in kindergarten in parallel with the parental allowance. The limit for placing children under two years of age into preschool care increased as of 1 January 2020 to 92 hours a month. This measure can provide a parent the opportunity to enroll in a qualification course and thus facilitate a more comfortable return to work.

III. Economic Crisis Response

Economic Response

Economic
Recovery
Package
Score: 6

At the outset of the COVID-19 pandemic, the Czech government assumed that the pandemic would lead only to a “V-shaped” depression, that is, a rapid drop followed by a rapid recovery that would return life to normal. It therefore focused on weathering the crisis in the short time and did not draw up an explicit economic recovery package. While the crisis has proved to be more protracted than originally thought, its measurable economic cost in Czechia was less than that recorded in many other European countries, with Czech GDP down by only 5.5% in 2020. This was partly because of the country’s favorable economic structure going into the crisis (i.e., featuring a low share of the most vulnerable service sector activities, although hospitality services were hit hard by the lockdowns), and partly because of the strong showing of export-oriented manufacturing which suffered only a short-term lockdown in the spring of 2020. By November and December 2020 exports were at 8.1% and 18.0% of GDP respectively, that is, above the levels of the same months in 2019.

Pressure for a new approach came from the European Council’s approval in July 2020 of the so-called Recovery and Resilience facility. This followed pressure from some countries of southern and western Europe whose economies were harder hit by the pandemic and which had inherited much higher debt levels than did Czechia. Prime Minister Babiš presented a draft national recovery plan to the government and to European Commission President Ursula von der Leyen in October 2020. He decided to use only the grants, ignoring the possibility of loans on the grounds that Czechia already faced a rising debt burden and could borrow on commercial markets, if required, without facing conditions that the EU might attach. Vague in nature, the draft plan called for spending on broad areas but lacked detailed commitments. It was criticized within the government (notably by ANO’s coalition partners, the Social Democrats), by opposition parties, by business representatives, by trade unions and by NGOs. Key issues included the fact

that the plan said little about measures to improve skill levels, was not strong enough in making proposals for digitalization and, above all, emphasized physical infrastructure plans that were implausibly presented as favorable to fostering a green transformation. According to critics, the plan appeared to aim at filling gaps in recent budgets that had hampered spending on transport and road repairs. If approved by the European Council without major revisions, the planned spending, according to several critics across the political spectrum, would do nothing for education but instead be poured out as concrete. Some items in the plan appeared to seek tax relief for certain businesses in 2020. The proposed plan revealed weaknesses not only in the Czech policymaking process but in the government's current state of mind regarding economic and social modernization processes.

Sustainability of Economic Response

Recovery
Package
Sustainability
Score: 5

The National Recovery Program drawn up for the European Commission and the European Council has been criticized by business organizations and environmental groups alike for its vagueness and the lack of transparency in its preparation. The Confederation of Industry and Transport has criticized the program's lack of strategic prioritization and the government's failure to evaluate the environmental and social impact of the proposed investment. The program does not link proposed investments to a roadmap or targets for achieving climate neutrality. Nor is it clear that investment that could do significant harm has been excluded from the program, which would make it harder to reach the EU target of climate neutrality by 2050. Drawing on available information, a number of environmental groups, including the Prague-based International Sustainable Finance Centre (2020), have estimated that valid green initiatives account for less than 20% of the total investment proposed (Němeček 2020). In addition, no effort has been made to respond to European Commission calls to increase the country's soft pollution penalties or to reform transport taxes by linking them to carbon emissions. The transition to green energy is slowing down in Czechia. Only one in ten energy companies prefers to invest in clean, renewable energy instead of expanding fossil fuel power plants' capacity. In 2020, the share of energy obtained from renewable sources in Czechia accounted for 12% of total electricity production. According to entrepreneurs and environmental organizations, the state does not sufficiently support investments in renewable sources.

Citation:

Němeček, David (2020): Czech National Recovery Plan: A missed chance for change? Prague: International Sustainable Finance Centre
(<https://static1.squarespace.com/static/5f7709cd633d6220bbee2709/t/5fd21c56ebc7ce75e8ba03cd/1607605578392/ISFC+CZ+National+Recovery+Plan+Report>).

Labor Market Response

Labor Market
Policy Response
Score: 8

The most important government measures in employment policy involved direct financial support so that employers could continue to pay their employees even when forced to close activities due to government-imposed restrictions or to reduced demand from customers who were so affected. The initial scheme, introduced under the state of emergency in April 2020 and subsequently modified and prolonged, offered compensation to employers of up to 100% of an employee's pay. Though compensation was less generous for enterprises forced to reduce activities due to quarantining or the inability to come to work for domestic care reasons (which amounted to more than 30% of employees), they were temporarily exempted from covering social and health insurance costs. Throughout 2020, 24% of employees were covered by the different compensation schemes. Take-up peaked during the tightest lockdown in April at 16% of the labor force, falling to only 2.8% in September and rising again to 7.6% with renewed restrictions on workplaces in October. In practice, average monthly compensation per recipient employee was one-quarter of average earnings, paid over an average of just under three months, and the total cost to the state budget in 2020 was equivalent to 0.4% of GDP. The schemes were judged positively by employers and helped ensure that total employment fell only modestly during the pandemic and that unemployment increased from 2.0% in December 2019 to only 3.2% in December 2020.

The government also adopted various measures supporting the self-employed (Sirovátka 2020: 1), who have been hit particularly hard by the COVID-19 pandemic. While the total number of hours actually worked overall fell in 2020 (comparing the fourth quarter with the same period in 2019) by 11%, the self-employed suffered a 21% decline in hours worked. The self-employed who have been affected by the COVID-19 crisis have been eligible for lump-sum payments and have been temporarily exempted from paying social insurance contributions. Direct measures added up to 0.8 % of GDP in 2020.

Citation:

Sirovátka, Tomáš (2020): The Czech government's income and employment protection measures in response to COVID-19. European Social Policy Network, Flash Report 2020/28, Brussels: European Commission.

Fiscal Response

Fiscal Policy
Response
Score: 6

Once the Czech government realized the seriousness of the COVID-19 pandemic, it responded in line with the advice of international agencies, including the IMF, to do "whatever it takes" to protect public health and to

prevent permanent damage being done to the economy and employment, thus leaving the resulting increase in public debt to be handled later. The result was a budget deficit approaching the equivalent of almost 7% of GDP. The cost of direct support to counter the effects of COVID-19 was equivalent to 5.5% of GDP, while a further 0.4% of GDP went on measures to support business liquidity (largely allowing delayed tax payments) and a further 15.5% of GDP was made available as guarantees to businesses to help them survive, but no spending has been reported under this heading as yet. The budget for 2021 is planned with a deficit likely to approach 6% of that year's GDP, which reflects continued coronavirus crisis-related spending and further spending commitments, including increases in pensions, and the implementation of planned changes to the direct tax system, which will reduce revenues.

The increased budget deficit in 2020 was caused by reduced income (down 3.1%) and higher spending (up 18.8%). The income reduction followed from lower personal and company incomes, and from decisions to allow for the delayed payment of some tax and social insurance contributions. This will therefore pose difficulties for companies in 2021 and the years following. Revenue from VAT and consumption taxes held up well thanks to measures on the expenditure side to maintain employment and income levels. Expenditure increased largely because of COVID-19-related measures, which included higher levels of health spending and support to companies in order to keep employees on the books. There were also increases in pension and social benefit spending that are not scheduled to be withdrawn once the effects of the pandemic are overcome. There has also been a 10% increase in pay in the education sector that is to be followed by a 9% increase in 2021. Capital spending also increased, with more investment financed from national rather than EU sources and includes spending on transport infrastructure and municipalities.

A controversial tax reform adopted at the end of November 2020 will widen the fiscal deficit in 2021. While the government claims that the substantial cuts in income tax will foster the economic recovery, critics, including the Fiscal Council (Národní rozpočtová Rada, ÚNRR), point to revenue losses worth 2% of GDP. For them, the tax cuts are primarily a campaign goody ahead of the parliamentary elections in 2020 that will have a negative impact on the sustainability of public finances.

Research and Innovation Response

Research and
Innovation Policy
Response
Score: 5

Parts of the R&I sector reacted proactively and swiftly to the pandemic. Research institutions used newly developed nanomaterials and mobilized to manufacture 3D printers to produce personal protective equipment for

frontline workers. However, the resources made available were not enough to control the COVID-19 pandemic in Czechia or to make a significant contribution to stemming its spread elsewhere. While existing research programs have been adapted as a result of the pandemic, the government has introduced only a modest increase in government spending aimed at supporting innovative measures to counter the pandemic. The immediate focus was on rapid, safe and complex laboratory diagnostics. While initially fragmented and overwhelmed by testing volumes, public, private, and academic testing facilities significantly increased diagnostics over time, though this never reached levels high enough to bring the pandemic back under control.

Czechia has not been directly involved in developing new vaccines, but it has played a role in their manufacture. Anticipating regulatory approval of its vaccine, the U.S. firm Novavax bought a vaccine manufacturing company located in Czechia in 2020 that had been previously owned by another U.S. company and started production of one component of its vaccine.

IV. Welfare State Response

Education System Response

Education
Response
Score: 5

Education policy has not succeeded in ensuring uninterrupted and equal access to high-quality education during the COVID-19 pandemic. Faltering in its leadership, the Ministry of Education has shown little ability to grasp the complexity of the task and provide convincing solutions. Instead, schools themselves have been tasked with managing their individual response, which means preparedness has varied from school to school.

Spending on education increased during the review period, which may prove beneficial in the long term. The 10% increase in pay for those working in education that had already been approved before the pandemic, cost 0.4% of GDP. In addition, spending was increased to improve the availability of equipment in public schools. However, the response to the pandemic in the education sector was weak, uncoordinated and, given frequent changes in tactics throughout the pandemic, resulted in considerable chaos. The backlash among exasperated parents was very strong. Because school closures were often announced suddenly, families and educators had little time to prepare, let alone purchase the equipment needed for online instruction. In an effort to manage the availability of frontline workers, some preschool facilities and special facilities were excluded from mandated closures. Uncoordinated

school closures had a negative impact on the quality of instruction. In particular, due to major gaps in at-home digitalized infrastructures, many children, particularly those from poor families and/or those with special needs, were often left behind. While some schools successfully made the to shift to online instruction, not all children were able to participate, due to a lack of internet connections and personal computers at home. Some municipalities, civil society actors and individuals organized calls for donations (e.g., PCs, notebooks, tablets) in order to enable the participation of socioeconomically weak pupils in online instruction. But the pandemic deepened the divide between affluent and non-affluent children.

Universities were better at adapting to online instruction. However, the closures of dormitories forced many students to stay with their parents, often in small apartments. This has made learning difficult and has sometimes led to intergenerational conflicts. The government has not adopted any hardship programs for students.

Social Welfare Response

Social Welfare
Policy Response
Score: 6

Existing inequalities were exacerbated and made more visible by the crisis. Particularly vulnerable groups such as single parents, minorities, parents with disabled children, the disabled, and low-income pensioners have been disproportionately affected. However, as the crises went on, members of the middle class, especially parents, began experiencing problems related to the need to maintain employment (availability of home office varied) and home-schooling. Home office, while initially resisted by many companies due to fears of a drop in productivity, has proved efficient. By July 2020, around one-quarter of employees were working exclusively from home (Eurofound 2020). Some companies already announced that remote work would remain an option after the pandemic. Changing the nature of work could benefit women, who are the main victims of the existing weaknesses in achieving a work-life balance. Across the board and throughout all lockdown periods involving school and kindergarten closures, women stayed at home with children more often than men. For the self-employed, this can involve a complete loss of income. The pandemic also made very clear the need to expedite digital transformation and increase internet availability as essential to keeping pace with the changing nature of work.

A special program targeting parents' compensation during school closures and the self-employed who had to interrupt their employment activity in order to care for children or others was also introduced (home-schooling was included as a justified reason for the self-employed as well). The support for care conducted by the self-employed was parallel to that for employees who

receive 60% of their basic salary. A grace period of three to six months for renewing benefits was granted to those receiving welfare benefits (the benefit level for the third quarter of 2020 will be maintained).

Migrant workers without permanent employment have been particularly vulnerable to the effects of the crisis and have not been included in any program. There has also been no state effort to provide children from socioeconomically weak households with food, though civil society actors sought in part to make up for the state's failings in areas such as food insecurity.

Citation:

Eurofound (2020): Living, Working and COVID-19. Luxembourg: EU (<https://www.eurofound.europa.eu/publications/report/2020/living-workin-g-and-covid-19>).

Healthcare System Response

Health Policy
Response
Score: 5

The Czech healthcare system largely withstood the first wave of the COVID-19 pandemic (Malý 2020a). In the first weeks, the situation was critical due to an insufficient number of ventilators, personal protective equipment and testing kits. Medical staff sometimes worked with protective masks that patients had sewed at home and donated to medical facilities. However, these problems were gradually overcome, and the government succeeded in expanding capacities by forcing healthcare providers to reduce the number of scheduled operations and reserve a certain number of beds for COVID-19 patients. Moreover, temporary hospitals were built, the first in the capital Prague, the second in the Moravian metropolis Brno. A bigger problem was the lack of staff, as many staff members quickly became infected, which resulted in overstretched teams in hospitals. This was especially the case among nurses. Once schools and kindergartens were closed, many hospital workers had to take care of their children, which left hospitals understaffed. Some hospitals responded by setting up children's groups in which full-time professional care and supervision of children is provided. Medical students (Malý 2020b) as well as the army were called upon to help fill the gaps.

During the second stage of the pandemic, when infection rate was rather high in Czechia, some hospitals found themselves on the brink of capacity. In late October and early November 2020, death rates in Czechia climbed to twice the average level seen in 2016-19, a record rivaled in Europe after the first initial wave only by Bulgaria (Eurostat 2021). Excess deaths were also almost twice the number of deaths recorded as caused by COVID-19, suggesting that the absorption of the healthcare system by COVID-19 patients has led to a substantial neglect of people with other illnesses.

The development of Czechia's vaccination strategy suffered from delays. The final version was completed on 22 December 2020, five days after the first delivery of vaccines. The strategy was designed by the Czech Vaccinology Society, which is part of the Czech Medical Association of J. E. Purkyně. The strategy was debated by the COVID Clinical Group in the Ministry of Health and approved by the National Immunization Commission of the Czech Republic. The document describes in detail the organization and individual stages of vaccination and defines the priority groups. However, poor communication between various levels of government administration and self-government entities resulted in a problematic implementation of the strategy. For example, registering for the vaccination must be done online, which might be a problem for those over 80 and who are of high priority. Looking ahead, further problems involve the lack of medical staff and the fact that those remaining are overworked and exhausted.

Citation:

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Malý, I. (2020a): Czechia: Strengthening intensive care capacity for COVID-19 patients, and the consequences of the pandemic for healthcare. European Social Policy Network, Flash Report 2020/49, Brussels: European Commission.

Malý, I. (2020b): Mandatory work duty for students to tackle the lack of healthcare staff: the Czech experience. European Social Policy Network, Flash Report 2020/65, Brussels: European Commission.

Family Policy Response

Family Support
Policies
Score: 6

Kindergarten and school closures during the COVID-19 pandemic have involved unexpected complications for many working parents. In order to compensate for the loss of income, the government has extended in various ways the nursing allowance, a social benefit for persons who cannot work full-time because they care for a child or a sick or disabled family member. First, the nursing allowance has been paid out during the entire period in which schools and other children's facilities have been closed. Second, the age limit for the children covered has been raised from 10 to 13 years, and the age limit for people with disabilities has been capped if they live in the same household. Finally, the nursing allowance has been extended to the self-employed as well as to employees working part-time or at home, groups that had not been eligible before the COVID-19 pandemic. These measures, though they have improved the situation of families, have not been sufficient to prevent a resurgence of traditional gender roles.

International Solidarity

International
Cooperation
Score: 7

Czechia is not a significant player in terms of international cooperation and allocates a relatively low share of its GDP to development aid. During the first wave of the COVID-19 pandemic, which Czechia managed relatively well, the country provided assistance to Italy and to refugee camps in the Balkans. In April, Czechia also offered to France the opportunity to admit several patients from the country in need of intensive care, but the offer was not taken up. At the same time, it did not play a major role in the EU efforts of vaccine development and acquisition.

Czechia has also been a beneficiary of international aid. At the beginning of the pandemic, Taiwan and China provided personal protective equipment, ventilators and masks. In the fall of 2020, when Czechia was one of the worst-affected countries globally and came close to running out of ICU beds, the German states of Saxony and Bavaria, as well as Austria offered to take in patients at their ICU beds. So far, however, the national capacities have been sufficient.

Resilience of Democracy

Media Freedom

Media Freedom
Score: 6

Czechia was long characterized by a significant degree of media freedom, partly because of the independence of public media and foreign ownership of private media (Jiráček/ Köpplová 2020). However, the private media market in Czechia has changed significantly in recent years. The most critical change has been the concentration of media ownership, the departure of several foreign media owners, and a broadening of the scope of media holdings (i.e., print, online, radio and television). Andrej Babiš' acquisition of the media conglomerate MAFRA in 2013 was integral to his rise to power. It transformed the Czech media landscape and profoundly skewed political competition. MAFRA dominates both the daily print media, with an estimated 2.4 million readers, and the online media, with an estimated 3.4 million daily users. Andrej Babiš has used his media power to support his political rise and denigrate any alternatives (Guasti 2020: 478-79).

During the COVID-19 pandemic, Babiš has continued to instrumentalize his media power. He has also used the election of six new members to the 15-member ČT Council in the spring of 2020 to increase the government's influence on the public broadcaster Czech Television (ČT), the country's most trusted news source (Charouz 2021). MAFRA has benefited disproportionately from pandemic state aid for cultural institutions. The government's claim that the aid is being distributed proportionally according to readership does not hold water since the second-largest media group has received significantly less aid – in absolute and relative terms (Kottová 2020). Favored by the rise of alternative online media and an active civil society, however, the independent media in Czechia have been strong enough to hold the government accountable (Guasti 2020: 480-481). They have helped uncover irregularities in the procurement of personal protective equipment, have forced the government to provide critical information on free hospital beds, testing, contact-tracing and vaccination, and have drawn public attention toward problematic government initiatives, such as the government's attempt to eliminate Prime Minister Babiš' conflicts of interest by making company ownership less transparent.

Citation:

Charouz, L. (2021): Czech PM Babiš Takes Central European Path to Muzzled Media. Washington, D.C: Center for European Policy Analysis (<https://cepa.org/czech-pm-babis-takes-central-european-path-to-muzzled-media/>).

Guasti, P. (2020): Populism in Power and Democracy: Democratic Decay and Resilience in the Czech Republic, in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

Jiráček, J., B. Köpplová, B. (2020): Advantages and problems of a liberal democratic media model. Media and politics in the Czech Republic, in: A. Lorenz, H. Formánková (eds.), *Czech Democracy in Crisis*. Cham: Palgrave Macmillan, pp. 157–178.

Kottová, A. (2020): Babišova vláda chystá pomoc médiím. ‚Záleží na rozpočtu, teď nemůžeme rozdávat nic,‘ říká Zaorálek (Babiš government preparing aid for the media. ‘It depends on the budget, now we cannot give away anything’ says Zaoralek). in: *iRozhlas*, June 23 (https://www.irozhlas.cz/kultura/koronavirus-podpora-media-ministerstvo-kultury-zaoralek-babis-mafra_2006231300_ako).

Civil Rights and Political Liberties

Civil Rights and
Political Liberties
Score: 8

In Czechia, as in other countries, the fight against COVID-19 has come with restrictions on civil rights and political liberties. The first lockdown, imposed in March 2020, and the second, introduced in October 2020, included far-reaching restrictions on movement within the country and on public gatherings, the closure of many businesses, and the obligation to wear masks outside the home. A general curfew (with several exceptions) was in place from 16 March to 24 April 2020. From the end of October 2020 to April 2021, restrictions were placed on free movement for the hours between 9 pm and 5 am.

While the government has not always convincingly justified the restrictions it has levied (Vikarská 2021), it has only rarely instrumentalized the COVID-19 pandemic in order to restrict civil rights and political liberties. In June 2020, however, the government tried to use the pandemic as a pretext for silencing the opposition (Guasti 2020: 481). When the Million Moments for Democracy (MMD) initiative, which had organized large-scale protests against Prime Minister Babiš in the past, called for anti-government demonstrations in Prague and across the country on 9 June 2020, Minister of Health Adam Vojtech (ANO) accused the MMD of undermining the COVID-19 response, deeming the protests “illegal,” and demanded that the police prevent large gatherings. The police responded by reminding the minister that its role is to protect people’s constitutionally enshrined rights to protest and that public health authorities have the responsibility to protect public health. The MMD responded by asking demonstrators to wear masks, maintain their distance, and take precautions. The demonstration was held, taking place in Prague and 166 other municipalities across the country.

During the second lockdown, further demonstrations took place. The Million Moments for Democracy movement adapted to the dire situation and organized its first online protest (16 November 2020, on Youtube, with over

50,000 participants). In the fall of 2020, there were also various protests held against mask requirements, some of which turned violent. The police handled these protests in a professional manner.

Citation:

Guasti, P. (2020): Populism in Power and Democracy: Democratic Decay and Resilience in the Czech Republic, in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

Vikarská, Z. (2021): Czech and Balances – One Year Later, in: *VerfBlog*, March 30 (<https://verfassungsblog.de/czechs-and-balances-one-year-later/>).

Judicial Review

Judicial Review
Score: 10

The ordinary courts and the Constitutional Court alike have continued their work even during the state of emergency and have been quite active during the pandemic. Following recommendations by the Ministry of Justice, they have adjusted their operations to the new situation. Deadlines have been extended and urgent cases have been prioritized. Most employees have been allowed to work from home.

During the COVID-19 pandemic the courts have demonstrated their independence. They have annulled several government measures and have forced the government to act in a less erratic manner (Vikarská 2021). On 1 April 2020, the Supreme Administrative Court ruled that the government acted ultra vires when it annulled by-elections to the Senate, the upper chamber of parliament. In another prominent decision in April 2020, the Prague Municipal Court ruled as unconstitutional four emergency measures, including the limits on freedom of movement, travel ban and the compulsory closure of large shops (Pedziwol 2020, Guasti 2020: 481). The Constitutional Court initially exercised self-restraint. In a controversial decision in April 2020, supported by only eight out of 15 judges, the Court declared the government's declaration of a state of emergency constitutional and limited the scope for the judicial review of the emergency measures (Vikarská 2020). The Court has since changed its course and has begun annulling crisis measures for which no adequate justification has been provided (Vikarská 2021).

Citation:

Guasti, P. (2020): Populism in Power and Democracy: Democratic Decay and Resilience in the Czech Republic, in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

Pedziwol, Aureliusz M. (2020): COVID-19 restrictions eased in the Czech Republic: 'Long live freedom!', *Deutsche Welle*, April 27 (<https://www.dw.com/en/covid-19-restrictions-eased-in-the-czech-republic-long-live-freedom/a-53262812>).

Vikarská, Z. (2020): Czechs and Balances – If the Epidemiological Situation Allows, in: *VerfBlog*, May 20 (<https://verfassungsblog.de/czechs-and-balances-if-the-epidemiological-situation-allows/>).

Vikarská, Z. (2021): Czech and Balances – One Year Later, in: *VerfBlog*, March 30 (<https://verfassungsblog.de/czechs-and-balances-one-year-later/>).

Informal
Democratic Rules
Score: 6

Informal Democratic Rules

The Czech party system is subject to extreme instability. Following the 2017 elections, ten parties entered parliament and fully 69% of the new parliament's members represented parties that had had no representation before 2013. New parties and politicians have emerged, some of whom have been able to exploit the low level of trust in politicians with longer records. The instability and fragmentation within the Czech party system have made it difficult to reach compromises on solutions to pressing issues. The same is true of the polarization around the personality of Prime Minister Andrej Babiš. Credible accusations that Babiš had engaged in fraud, paired with calls to bring him to trial, hampered the formation of a government after the 2017 parliamentary elections, and subsequently prompted large-scale protests in the summer and fall of 2019, when a respective 230,000 and 300,000 citizens took part in demonstrations organized by the Million Moments for Democracy initiative.

Polarization has persisted throughout the COVID-19 pandemic. While the parliamentary opposition backed the two lockdowns and approved extensions of the state of emergency several times, it has carefully monitored the government's activities and has successfully blocked a number of problematic government initiatives (Guasti 2020). During the summer, the opposition tried to push the government to prepare for the second wave. Together with the Communists, however, the government blocked the debate, as the prime minister announced that "COVID is over." One of the paradoxes in the fight against the COVID-19 pandemic in Czechia thus is that the opposition (except for the Communists) demanded a stronger response than the government.

The regional elections held on 20 October 2020 have changed the political scene. While ANO remained the strongest party, the opposition parties were able to form governing coalitions in 10 of the 13 regions (elections were not held in Prague, as those are held together with municipal elections). In anticipation of the 2021 parliamentary elections, three blocks have started to emerge beyond ANO: a liberal block (Pirates and STAN), a conservative block (ODS, TOP09, and Christian democrats), and a center-left block (social democrats and greens). It is unclear whether these new blocks will focus on opposing ANO or compete with each other. It is also unclear if social democrats and communists will enter the parliament – they have been cannibalized by ANO, which took over many of their voters and lost younger voters to Pirates and STAN.

:
Guasti, P. (2020): Populism in power and democracy: Democratic decay and resilience in the Czech Republic (2013–2020), in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

Resilience of Governance

I. Executive Preparedness

Crisis Management System

Crisis
Management
System
Score: 5

When a member of parliament from an opposition party (a prominent doctor) in the Chamber of Deputies asked for information on how the relevant authorities were preparing for a possible epidemic in January 2020, he was assured by the Ministry of Health that a functioning crisis-management system was in place. As a matter of fact, Czechia was poorly prepared for the outbreak of the COVID-19 pandemic. The pandemic plan in force when the pandemic hit targeted an influenza scenario. The country also suffered from a massive shortage of protective equipment for health professionals and the entire population. The poor state of the country's public health offices, which are mandated to protect public health in part by taking action to control infectious diseases, is another weak link in the system. Outdated, underfunded, understaffed, and underequipped, these offices saw their total number of employees fall from 4,000 in 2007 to 2,000 in 2020, and of which less than 200 were qualified doctors. Employees concerned specifically with protecting and supporting public health numbered only 369. Recruitment was extremely difficult as pay was substantially below the level offered for similarly qualified personnel in hospitals.

II. Executive Response

Effective Policy Formulation

Effective Policy
Formulation
Score: 4

The Babiš government's first response to the COVID-19 pandemic in March 2020 was coherent and rapid. Subsequent responses were less impressive, as they were hampered by the prime minister's determination to claim that all was well. In addition, the government's failure to heed the most useful expert advice prevented effective policy formulation from taking place and differences within the governing coalition served to delay the government in adopting necessary decisions and/or resulted in ineffectual changes being made to policies (Bušíková/ Baboš 2020, Guasti 2020). As a result, Czechia, which had succeeded in effectively and rapidly containing the first wave of infections, has seen a surge in infections since the summer of 2020. In October 2020, it had the highest number of new infections per 100,000 inhabitants and the fastest-growing infection rate in the EU.

The differences within the governing coalition became visible early on when Prime Minister Babiš (ANO) and Minister of Interior Jan Hamáček, the leader of the social-democratic ČSSD, competed over who have the power to manage the pandemic. Babiš initially succeeded in installing the handpicked epidemiologist Roman Prymula, who is loyal to ANO, as head of the Central Emergency Task Force (ÚKŠ), the body in charge of handling natural emergencies and pandemics, which is normally led by the interior minister. Babiš and Hamáček also competed over who would organize the purchase of much-needed personal protective equipment and medical goods from China.

At the beginning of the COVID-19 pandemic, the government did take steps to invite systematic expert input, but this quickly encountered obstacles when it appeared that Babiš was being upstaged. After Hamáček had replaced Prymula as head of the ÚKŠ at the end of March 2020, he created the Economic Advisory Team to the ÚKŠ, incorporating a wide range of expert opinions spanning the political spectrum. It issued a series of recommendations for specific policies, some of which have been adopted and some of which have been ignored. Following a bitter exchange, the body was refused the detailed information on the course of the pandemic that it wanted from the health ministry (controlled by Babiš's party ANO). Its existence was formally linked to the first state of emergency and its activities therefore came to an end on 9 June 2020. This coincided with government reassurances that the pandemic crisis was over so that all its proposals (such as a very cautious and controlled

reopening of the economy, or the introduction of a system of short-time work) could be left on one side.

Prime Minister Babiš countered the creation of the Economic Advisory Team by reactivating the National Economic Council of the Government (NERV), a government advisory body on economic issues which had originally been formed in 2010 but then left to go dormant, in early April 2020. It too incorporated a reasonable spread of economic opinion and even several members of the Economic Advisory Team. Some of its members visibly warned against assuming that the crisis was already a thing of the past and warned of the need to make preparations for a second wave, notably with rapid enhancement of the test-and-track system.

During the second wave of the COVID-19 pandemic, the Babiš government no longer relied on the two expert bodies. In the formulation of the draft National Recovery Plan to be presented to the European Commission in October 2020 there was little place for expert input. In fact, material was not published in advance for discussion and only five days were allowed for expert comments, which then were ignored. Instead, Babiš presented the draft plan to European Commission President von der Leyen on 15 October, even though it had not been approved by the government. The desire for favorable publicity prior to regional elections apparently outweighed the benefits of formulating an economic strategy built on careful consideration and the advice culled from consultation with experts.

Citation:

Bušťíková, L., P. Baboš, P. (2020): Best in Covid: Populists in the time of pandemic, in: *Politics and Governance* 8(4): 496-508 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3424>).

Guasti, P. (2020): Populism in power and democracy: Democratic decay and resilience in the Czech Republic (2013–2020), in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

Policy Feedback and Adaptation

Policy Feedback
and Adaptation
Score: 4

The Babiš government's COVID-19 response measures have been adjusted several times. Whereas the strict initial measures were informed by epidemiological concerns and based on expert advice, subsequent adjustments, most notably the relaxation of restrictions in summer and the weak preparation for the second wave of infections, have been driven by popularity-seeking complacency, by responsiveness rather than responsibility (Bušťíková/ Baboš 2020; Guasti 2020).

On 11 March 2020, the government, under a state of emergency, adopted the first lockdown measures which were strengthened over the following days and weeks. Within a week, the government, confronted with epidemiological

models of the possible exponential growth of infections, gave up its initial resistance to making masks obligatory. Protecting seniors was a priority, although frequent changes to government directives led to some anxiety and confusion. For example, within one week in March, the opening hours in shops held exclusively for seniors were changed three times.

In mid-May 2020, when the pandemic was apparently under control, the state of emergency ended. Prime Minister Babiš announced that Czechia was “best in COVID.” Responding to the pandemic fatigue among the population but ignoring the advice of most experts, the government gradually rolled back most measures over the summer. The compulsory mask mandate ended on 31 May 2020.

As predicted by many experts, the infections started to increase in August. Focused on the upcoming regional elections in October 2020, the government responded slowly. Prime Minister Babiš blocked for a long time a reintroduction of the mask requirement, in defiance of the Minister of Health’s recommendation. He also blocked the re-installment of the Central Emergency Task Force (ÚKŠ). When the World Health Organization (WHO) warned in September of infections spiraling out of control without adequate contact-tracing, Babiš failed to introduce any new policies or changes to current policies, claiming simply that the country was “doing very well” and advising the WHO to keep quiet.

After the regional elections in October 2020, out of which the prime minister’s ANO emerged as the strongest party, the government eventually announced more stringent measures, including a second round of far-reaching restrictions on movement, gathering and businesses. However, the government has failed to scale up testing and contact-tracing. In particular, it has refrained from forcing enterprises to increase testing among employees.

Citation:

Bušťíková, L., & Baboš, P. (2020). Best in Covid: Populists in the time of pandemic. *Politics and Governance*, 8(4), 496-508.

Guasti, P. (2020). The impact of the Covid-19 pandemic in Central and Eastern Europe: The rise of autocracy and democratic resilience. *Democratic Theory*, 7(2), 47-60.

Public Consultation

Public
Consultation
Score: 5

The Babiš government has rarely placed much emphasis on consultation with societal actors. This has not changed during the COVID-19 pandemic. However, major societal actors have been represented in the advisory bodies that have helped the government to formulate its crisis response measures. Prominent members of the government’s Economic Advisory Team, for

instance, were linked to business organizations and to trade unions. This was the main channel by which such organizations could influence government decisions. Since then, societal actors have provided feedback on government measures largely *ex post*. In some cases, the government has adapted its measures in response to their criticism.

The formulation of the first draft of the government's National Recovery Plan that was presented to the European Commission in October 2020, shows the government's lack of enthusiasm for the consultation of social actors. Material was not published in advance for discussion and only five days were allowed for expert comments, which then were largely ignored. The desire for favorable publicity prior to regional elections apparently outweighed the benefits carefully formulating an economic strategy that derives from consultation with experts across societal sectors.

Crisis Communication

Crisis
Communication
Score: 4

The government has understood that proactive communication is crucial in a pandemic. Prime Minister Babiš has addressed the country in several televised speeches, which have contrasted positively with his outbreaks in parliament and his sometimes unbalanced performance during regular press briefings. Babiš has also used his weekly "Čau lidi" ("Hi folks") Sunday recordings on Facebook for dealing with the pandemic.

At the beginning of the COVID-19 pandemic, experts (especially virologists and epidemiologists) and public health officials were brought in by the government to explain the urgency of the situation and to lend legitimacy to the adopted measures. The most prominent role was played by epidemiologist Roman Prymula who served as head of the government's Central Emergency Task Force in March 2020 (Buščíková/ Baboš 2020: 501). The government largely succeeded in convincing citizens of the urgent nature of the situation and in providing a sense of direction. By contrast, the publication of government directives on pandemic mitigation was chaotic, with numerous ad hoc changes being made. In a number of cases, there was a discrepancy between the announcement in press conferences and the published crisis measures.

During the second wave of the COVID-19 pandemic, the situation changed. On the one hand, the provision of information on the adopted measures was improved. Upon pressure by the parliamentary opposition, a centralized bilingual (Czech and English) information portal was launched in the fall. This significantly improved the information being provided to the public, as it included the latest on current directives and answers to many questions

citizens were seeking. At the same time, government communication has become less credible. Prime Minister Babiš's premature claims of victory, his open controversies with Minister of Health Adam Vojtěch in preparing for the second wave of infections and the high turnover at the head of the ministry of health have reduced popular trust in the government's announcements and explanations. Moreover, the government has not succeeded in breaking the spread of misinformation on the pandemic and the government's measures.

Citation:

Bušítková, L., P. Baboš, P. (2020): Best in Covid: Populists in the time of pandemic, in: *Politics and Governance* 8(4): 496-508 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3424>).

Implementation of Response Measures

Implementation
of Response
Measures
Score: 5

The Babiš government responded quickly to the first wave of the COVID-19 pandemic, but belatedly to the second. The implementation of the government's initial lockdown measures was largely effective. During the second lockdown, however, the government failed to avert a substantial decline in compliance by citizens. The implementation of part of the support programs has suffered from biases. The most flagrant has been the preferential treatment of Babiš's media conglomerate MAFRA in distributing state aid for cultural institutions (Guasti 2020: 479). Politicians have been penalized for violating the rules. Minister of Health Prymula was forced to resign in October 2020 after he had broken the rules introduced by himself just one day ago. In November 2020, ex-President Václav Klaus, one minister, and one member of parliament were each fined €120 (€3,000) for not wearing a mask during the ceremony to commemorate the anniversary of the Velvet Revolution. Prime Minister Babiš himself broke the rules in September 2020 when he refused to go into quarantine after having close physical contact with an official who tested positive for the virus (Bušítková/ Baboš 2020: 502).

Dramatic implementation problems have existed with regard to testing and contact-tracing. The government has failed to scale up the testing capacity sufficiently, to introduce an effective tracing app and to increase the organizational capacity of the public health service's regional offices that are in charge of contact-tracing. The capacities of these offices have differed significantly. Some are still not fully equipped with IT infrastructure, and must trace contacts manually. Several regional directors resigned due to a lack of political support, staff, funding and equipment. The Ministry of Health reported in June that the 369 staff in sections concerned with contact-tracing could only follow up 400 people a day. Subsequent attempts to recruit more similarly qualified personnel were unsuccessful. By October, as it was proving impossible to cope with the growing numbers of infected, the ministry's publicity advised those testing positive that officially informing contacts could

take some time. It would therefore be helpful if those testing positive informed high-risk contacts themselves. This was despite a new approach to contact-tracing based on call centers. By mid-October, Babiš, apparently recognizing the urgency of the situation, called for a further 500 trained personnel to be brought into call centers, adding to 1,000 already in place. This was answered by banks and some big employers who made their call-center staff available, promising to provide 300 staff all with one day of training. Official data for December show persistent problems. Half of those tested were returning a positive result, suggesting that many of those infected were probably not being tested. Of those testing positive, 90% were informed within 24 hours, but only half of their contacts were being traced within 24 hours.

Since the end of 2020, the implementation of the government's vaccination strategy has become a major issue. The online reservation system is complex, requiring cell phone and PC access, which the majority of the most vulnerable (seniors) do not have. People can wait on the helpline for several hours, and valuable doses are being discarded because not enough people are coming to get vaccinated. Some municipal governments are stepping in to assist seniors. The vaccination strategy envisages a combination of vaccination centers and vaccination by general practitioners. However, the general practitioners are not informed, personnel for vaccination centers is not available (as hospitals are struggling with the number of patients), and medical equipment (needles) has not been ordered in satisfactory volumes.

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 Bušítková, L., P. Baboš, P. (2020): Best in Covid: Populists in the time of pandemic, in: *Politics and Governance* 8(4): 496-508 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3424>).
 Guasti, P. (2020): Populism in power and democracy: Democratic decay and resilience in the Czech Republic (2013–2020), in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).

National Coordination

National
 Coordination
 Score: 6

The COVID-19 response in Czechia has been relatively centralized and the efforts taken to battle the pandemic, despite some difficulties, have not been fundamentally harmed by relations between levels of government. However, communication across various government tiers has been limited – on multiple occasions, regional and local governments were informed about new measures at the same moment as the citizens. The capacity of subnational government to implement measures has differed significantly, and the government has done little to address these differences. The capital Prague was able to react promptly. This led to a more successful containment of infections during both the first and the second waves. Other regional governments, especially in economically weak regions, have struggled more. The regional elections in October 2020 resulted in a new balance of power. While ANO won in most regions, the opposition parties could form coalition governments in most

regions. This further undermined the willingness of the government and especially the prime minister to engage with the regional governors. Furthermore, the major tax reform introduced in December 2020 will further undermine regional governments' ability to effectively respond to the impact of the pandemic (among others, hospitals and schools are in the purview of regional governments).

During the second wave, the government developed and implemented a system of regionally varied responses based on the intensity of the infection spread. This has enabled regions with a lower R rate to ease some of the most severe restrictions.

International Coordination

International
Coordination
Score: 5

Czechia traditionally has not been very active on the international scene and has not invested much in institutional capacities for international coordination. During the COVID-19 pandemic, the government's willingness to coordinate its response measures with neighboring countries was limited. In March 2020, the government unilaterally implemented border closures, which had adverse effects on medical and senior home personnel availability in neighboring Germany (affecting Saxony and Bavaria in particular) and Austria. After intervention by the German and Austrian governments, a special regime was introduced for cross-border workers. During the second wave of the pandemic, when infection rates in Czechia had spiraled out of control, Germany, Austria, and Slovakia repeatedly closed their borders to the Czech Republic.

On the EU level, Czechia has participated in the EU efforts, but rather passively. In May 2020, Prime Minister Babiš criticized the German-French proposal to establish a €500 million recovery fund for European countries hit hardest by the pandemic, arguing that Czechia should not be punished for responding quickly to the COVID-19 pandemic. By contrast, in fall 2020, when Czechia had become one of the worst-affected countries, Babiš called for more European solidarity. The relationship between the Czech government and the EU has worsened, as the European Commission and the European Parliament have intensified their criticism of the activities of some of companies belonging to Babiš.

Czechia has been active within the Visegrad group (a regional cooperation network involving Czechia, Hungary, Poland and Slovakia). The group has developed several proposals for the post-pandemic economic response. It is planning to strengthen its cooperation and to establish inter-parliamentary cooperation.

Learning and Adaptation

Learning and
Adaptation
Score: 3

The government has not evaluated its crisis-management system in a systemic fashion. After the successful management of the first wave of the COVID-19 pandemic, it basked in the glory of its initial effectiveness and failed to reform its crisis-management system in preparation for the second wave foreseen by many observers. The passage of a new pandemic law, aimed at enabling the country to deal with pandemics without imposing a state of emergency, was not achieved until the end of February 2021.

III. Resilience of Executive Accountability

Open Government

Open
Government
Score: 5

At the beginning of the pandemic, the government refrained from publishing major pandemic-related data and information. The Ministry of Health refused to provide data even to other ministries and experts engaged in the government response. Several economic advisers resigned in protest, as the lack of data hampered their ability to provide relevant expertise. It took a threat of litigation by the NGO Watchman Hlidac státu (National Watchdog) for the government to provide relevant health statistics (especially on the availability of hospital beds and frontline personnel). Likewise, media and citizens had to invoke the law on freedom of access to information to get information about the controversial acquisition of personal protective equipment. In spring of 2020, the government considered the idea of amending the law on access to information as a means of restricting information provision during states of emergency. When the media found out, however, the opposition pushed back, and the government let the law unchanged.

Over time, however, the provision of information by the government has improved. Information on infection rates, testing and the number of patients and deaths is now readily available on a daily basis. Hlidac státu also publishes daily updated data on hospital bed availability and medical personal availability for the country as a whole and individual regions. In mid-January 2021, Hlidac státu also started to monitor the vaccination reservation system (Reservatic), which crashed on its launch day when 40,000 people tried to make a reservation.

In fall, Dominik Feri, a member of parliament from the opposition party TOP09, together with a group of coders, initiated and prepared a bilingual

information portal, which includes regularly updated information on all mitigation measures and restrictions, as well as responses to FAQ about various life situations, and links to institutions (Kafkadesk 2020). Once established, the portal was given to the government for maintenance and updates. It is regularly updated and now also provides information on vaccination.

Citation:

Kafkadesk (2020): Czech Republic launches bilingual information website on COVID-19, November 8 (<https://kafkadesk.org/2020/11/08/czech-republic-launches-bilingual-information-website-on-covid-19/>).
<https://covid.gov.cz/>

Legislative Oversight

Legislative
Oversight
Score: 8

The Czech parliament has operated rather smoothly during the pandemic. For health reasons, the seating arrangements were changed and the number of attendant members of parliament was limited on the basis of a pairing agreement among the parties. Parliamentary committees went digital for some proceedings and partly closed their meetings to the public. The parliament's power has benefited from the fact that the government has lacked a parliamentary majority and has required parliament's support for extending the state of emergency. According to the Constitutional Act on the Security of the Czech Republic, the government can declare, and extend, a state of emergency only for a maximum of 30 days, and any extension requires the approval of the Chamber of Deputies, the lower chamber of parliament (Vikarská 2020). In exchange for approving the various extensions of the first state of emergency, running from 12 March to 17 May 2020, and the second, declared on 30 September 2020, parliament has demanded substantial concessions from the government (Guasti 2020: 480-81). The opposition's threat to not extend the state of emergency led the government to withdraw legislation aimed at legalizing the prime minister's notorious conflicts of interest. Legislative oversight also played a crucial role in uncovering the government's mismanagement of the purchase of personal protective equipment, with overpriced equipment purchased from companies based in tax havens rather than from domestic producers.

Citation:

Guasti, P. (2020): Populism in Power and Democracy: Democratic Decay and Resilience in the Czech Republic, in: *Politics and Governance* 8(4): 473-484 (<https://www.cogitatiopress.com/politicsandgovernance/article/view/3420/0>).
Vikarská, Z. (2020): Czechs and Balances – If the Epidemiological Situation Allows, in: *VerfBlog*, May 20 (<https://verfassungsblog.de/czechs-and-balances-if-the-epidemiological-situation-allows/>).

Independent Supervisory Bodies

Auditing
Score: 9

The Supreme Audit Office (Nejvyšší kontrolní úřad, SAO) audits the financial management of state entities and of financial resources received from abroad. It expresses an opinion on the state's final financial accounting statement and oversees implementation of the state budget. The SAO is not authorized to audit the finances of municipalities, towns or regions, or to audit companies cofinanced by the state or lower-level governments. The functioning of the SAO is regulated by the constitution; the body's president and vice-president are appointed for terms of nine years by the country's president, based on proposals made by the Chamber of Deputies.

During the COVID-19 pandemic, the SAO has continued its work and has demonstrated its independence. It has had a critical look at government purchases of medical devices and protective equipment, inspecting the Ministry of Health, the Ministry of the Interior and the State Material Reserves Administration. Miloslav Kala, SAO's head, has criticized times and again that the government, with two exceptions, has not proposed any expenditure cuts to limit the increase in the fiscal deficit resulting from the pandemic. In 2021, the SAO will inspect the government's programs to support entrepreneurs affected by the spread of COVID-19. These programs were prepared in a hurry and involved considerable amounts of money that were distributed in a short time.

Citation:

<https://www.whitecase.com/publications/alert/covid-19-and-data-protection-compliance-czech-republic>

Data Protection
Score: 9

Data protection responsibilities rest with the Office for Personal Data Protection (Úřad pro ochranu osobních údajů, ÚOOÚ), an independent body set up under a law, which in 2020 celebrated 20 years of its existence. It is tasked with supervising the observance of the legal obligations laid down for processing personal data; maintaining the register of notified data processing operations; dealing with initiatives and complaints from citizens concerning any breach of the law; and advising the government on issues relating to personal data protection. The president of the republic appoints the president of the office, with candidates being nominated by the president of the Senate, the upper house of parliament.

During the COVID-19 pandemic, the ÚOOÚ has played an active and constructive role. It has provided answers to the most frequently asked questions on personal data processing during the pandemic on its website and has not refrained from criticizing the government. It has voiced several reservations regarding the initial legal framework for the so-called smart

quarantine approved by the government on 18 March 2020, and on the extent to which public health authorities can collect, analyze, and store data on infected persons. Its activities have raised the awareness of data and privacy protection issues.

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