

# A Comprehensive Analysis of Recent Legislative Reforms of Public Procurement in the Czech Republic

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## REVIEW ARTICLE

## ABSTRACT

This article provides an in-depth analysis of recent legislative changes in the Czech Republic's public procurement framework, focusing on the transition to the new Act on Public Procurement, which harmonizes national law with European Union directives. The new legislation introduces several key reforms aimed at modernizing and improving the procurement process. Among these, mandatory electronic communication stands out as a significant advancement, designed to streamline procedures and enhance accessibility for a wide range of stakeholders, including suppliers and contracting authorities. The Act further requires the disclosure of beneficial ownership information, representing a critical step toward fostering transparency and accountability in procurement transactions. Moreover, the integration of socially responsible procurement principles encourages public authorities to evaluate the social, environmental, and ethical impacts of their procurement decisions, thereby promoting sustainability and broader societal benefits. These reforms collectively aim to strengthen transparency, efficiency, and ethical standards in public procurement, ensuring more responsible use of public resources. This study offers valuable insights into the implications of these developments for various stakeholders in the public procurement ecosystem.

**Keywords:** *Legislative Reforms; Transparency; Accountability; Sustainability; Public Procurement; Electronic Communication.*

## 1 INTRODUCTION

Public procurement in the Czech Republic is essential for facilitating extensive deliveries and fostering stable business relationships, thus securing financing for suppliers. It enhances economic activity while minimizing the risk of non-compensation for successful bidders, contributing to a more secure business environment. EU directives and national legislation are crucial for ensuring transparency and non-discrimination in contract awards [1].

The primary aim of public procurement is to select offers that provide the best value in price and quality [2]. The Czech legal framework grants procurer's significant flexibility in structuring the procurement process, allowing them to assess compliance and evaluate bids in a manner that suits their needs. This flexibility streamlines the procurement process, reduces administrative burdens, and enhances efficiency [3, 4].

The Public Procurement Act outlines various procedures, including simplified sub-threshold, open, restricted, negotiated, competitive dialogue, innovation partnership, and concession procedures [5]. It

classifies entities involved in procurement into public, subsidized, sector procurers, and other contracting entities, clarifying roles and responsibilities.

Additionally, the Act mandates adherence to fundamental principles such as transparency, proportionality, and responsible procurement, ensuring equal treatment and non-discrimination for suppliers from EU member states, the European Economic Area, and Switzerland.

The framework also distinguishes centralized procurement from joint procurement, allowing it to occur at various levels, including regions and municipalities. Two main types of centralized procurement are stockpiling purchases and mandate purchasing, where a central procurer acts on behalf of others.

In joint procurement cases, the governing law is determined by international treaties or agreements among participants [2]. The Czech Public Procurement Act covers a broader range of issues than EU directives, addressing both over-threshold and below-threshold contracts, ensuring comprehensive regulation of various public contracts, including construction works.

### 1.1 Aim of the study

This study employs a comprehensive and multifaceted approach to investigate the complexities of public procurement in the Czech Republic. Utilizing a diverse array of scientific methodologies, the research aims to provide a nuanced understanding of the subject, addressing both theoretical frameworks and practical implications.

The foundation of the study is an extensive analysis of legal regulations, involving a meticulous review of relevant laws, directives, decrees, and jurisprudence related to public procurement. This analysis seeks to identify significant modifications and innovations within the new legal framework, emphasizing the changes introduced by recently enacted regulations. Understanding these legal shifts is critical for assessing their impact on the overall procurement landscape and the stakeholders involved.

Additionally, the research incorporates a systematic comparative analysis of legal regulations in the Czech Republic, European directives, and the laws of other countries. This comparative methodology aims to uncover similarities and differences in public procurement strategies across various jurisdictions, identifying best practices and potential areas for enhancement. Such insights can inform policy recommendations and legislative improvements.

A key aspect of the research is the examination of judicial practices, which involves an in-depth review of case law and decisions from courts and relevant authorities. This phase aims to extract key principles and interpretations of essential legal provisions as they are applied in real-world contexts, bridging the gap between theory and practice. Analyzing how the law is interpreted and enacted provides crucial insights into the challenges faced by practitioners in the field.

To enhance the study's rigor, a thorough literature review situates the research within the broader academic discourse, synthesizing insights from previous studies to build upon existing knowledge. This commitment to academic rigor ensures that the findings are credible and accessible to a wide audience, including policymakers, practitioners, and scholars.

By integrating various research methodologies and employing a systematic approach to data analysis, this investigation offers an insightful exploration of the legal landscape of public procurement in the Czech Republic. Ultimately, the study aims to contribute to a deeper understanding of public procurement practices and their implications for governance, accountability, and sustainable

development in the region. Through its multifaceted analysis, the research aspires to inform future policy decisions and foster more effective and equitable procurement processes.

## 2 LITERATURE REVIEW

Public procurement represents a critical area of research within public administration and economics, not only due to its significance for effective resource allocation but also for its capacity to influence social and economic development. The literature emphasizes the dual role of public procurement as a mechanism for achieving economic efficiency while simultaneously promoting social objectives. According to [6], effective public procurement can enhance service delivery and stimulate competition among suppliers, ultimately benefiting taxpayers and improving the quality of public services. This perspective aligns with the findings of Schooner and Yukins [7], who argue that transparent procurement processes are essential for ensuring fair competition and minimizing corruption, which is crucial for maintaining public trust in institutions.

The regulatory framework governing public procurement plays a pivotal role in defining the rules and standards that both procurers and suppliers must adhere to. Van Den Brink [8] emphasizes the importance of EU directives in shaping national procurement laws, aiming to create a level playing field for suppliers across member states. This viewpoint is supported by Krč and Dovolil [3], who discuss the flexibility afforded to procurers under Czech law. This flexibility allows procurers to tailor procurement processes to their specific needs and market conditions. However, this level of freedom raises questions regarding potential inconsistencies and the need for oversight to ensure compliance with established principles of transparency and non-discrimination [9]. In this context, it is essential to have clear mechanisms for monitoring and evaluating compliance with the rules, which could contribute to strengthening trust in the public procurement process.

The literature also identifies various procurement procedures and their impacts on supplier engagement. Grandia and Meehan [10] classify procurement procedures and examine how these classifications influence supplier behavior and competition. The authors argue that understanding the distinctions between different types of procurement is crucial for suppliers seeking to navigate the complexities of public contracts effectively. Different procedures, such as open and restricted tenders, can significantly affect suppliers' success and their ability to compete in the market. For instance, open tenders may attract a broader spectrum of suppliers, thereby increasing competition and potentially reducing costs. This understanding is particularly relevant in the context of small and medium-sized enterprises (SMEs), which often face barriers to entry in public procurement markets. By analyzing the dynamics of various procurement procedures, researchers can identify strategies to enhance participation from diverse supplier bases, ultimately fostering a more inclusive procurement environment.

The economic implications of public procurement are well documented. Bergman and Lundberg [11] note that the awarding of public contracts can have a significant impact on local economies, particularly regarding job creation and community development. This is especially relevant in the context of construction contracts, where the economic multiplier effect can yield substantial benefits for local suppliers and subcontractors. This dynamic illustrates how public procurement can function as a tool for economic development when managed and implemented effectively. Furthermore, the strategic use of procurement can stimulate innovation, as public contracts often encourage suppliers to develop new technologies and solutions to meet the specific needs of public entities [12]. This aspect highlights the potential of public procurement not only to fulfil immediate needs but also to drive long-term economic growth and technological advancement.

Moreover, the evolving landscape of public procurement necessitates ongoing research into its legal frameworks and practices. Jurčík [13] underscores the importance of adapting procurement laws to meet contemporary challenges, such as digitalization and sustainability. This trend aligns with the broader discourse on responsible procurement, which emphasizes the need to consider environmental and social factors in procurement decision-making [14]. Sustainability is becoming an increasingly important criterion in the procurement process, reflecting a growing awareness of the ecological and social dimensions of public investments. The integration of sustainability criteria into procurement processes not only helps mitigate environmental impacts but also promotes social equity by encouraging suppliers to adopt fair labor practices and contribute to community welfare. \_”

In addition to sustainability, recent studies have highlighted the role of technology in transforming public procurement practices. For example, the integration of e-procurement systems has been shown to enhance efficiency and transparency, facilitating better supplier engagement and reducing costs [15]. The shift towards digital platforms not only streamlines procurement processes but also allows for greater data analysis, which can inform decision-making and policy formulation [16]. This technological evolution has the potential to democratize access to public contracts, enabling a wider range of suppliers, including smaller firms, to participate in bidding processes.

Furthermore, the literature addresses the importance of stakeholder involvement in public procurement processes. According to Osei-Tutu et al. [17], engaging stakeholders—ranging from suppliers to end-users—can lead to more informed procurement decisions and better alignment with community needs. This participatory approach can enhance accountability and foster trust in public institutions, ultimately leading to improved outcomes for public procurement initiatives. Engaging stakeholders not only enriches the procurement process but also helps to ensure that the resulting contracts deliver genuine value to the community, addressing real needs and priorities.

The intersection of public procurement with social policy objectives is also gaining attention. Research by McCrudden [18] emphasizes the potential of procurement to advance social goals, such as promoting diversity and inclusion within supplier networks. By incorporating social criteria into procurement decisions, public entities can stimulate economic opportunities for marginalized groups and contribute to broader societal goals. This approach aligns with the concept of social procurement, which seeks to leverage public spending to achieve positive social outcomes, thereby transforming procurement into a tool for social change.

The literature on public procurement is rich and varied, encompassing a wide range of themes from regulatory frameworks and economic implications to technological advancements and social objectives. Ongoing research in this field is essential to adapt to the changing landscape of public procurement, ensuring that it remains an effective tool for resource allocation and social development. Future studies should continue to explore the interplay between public procurement practices and emerging global challenges, such as climate change and social equity, to further enhance the relevance and effectiveness of procurement strategies in the public sector. This evolving body of research not only contributes to academic discourse but also provides critical insights for policymakers and practitioners seeking to optimize public procurement processes.

### 3 METHODS

This study employs a comprehensive and multifaceted approach to investigate the complexities of public procurement in the Czech Republic. By utilizing a diverse array of scientific methodologies, the research

aims to provide a thorough and nuanced understanding of the subject matter, addressing both theoretical frameworks and practical implications.

The foundation of the study is built upon an extensive analysis of legal regulations. This involves a meticulous review of pertinent laws, directives, decrees, and jurisprudence related to public procurement within the Czech Republic. The analysis seeks to identify significant modifications and innovations within the new legal framework, with a particular emphasis on elucidating the changes introduced by recently enacted regulations. This examination is critical for understanding how these legal shifts impact the overall procurement landscape and the stakeholders involved.

Furthermore, the research incorporates a systematic comparative analysis of the legal regulations in the Czech Republic, European directives, and the laws of other countries. This comparative methodology aims to uncover both similarities and differences in the strategies employed in public procurement across various jurisdictions. By examining how different legal frameworks address similar challenges, the study aspires to identify best practices and potential areas for enhancement. This comparative lens not only enriches the analysis but also provides valuable insights that could inform policy recommendations and legislative improvements.

A critical aspect of the research involves the examination of judicial practices. This phase entails an in-depth review of case law and decisions from courts and relevant authorities concerning public procurement. The objective is to extract key principles and interpretations of essential legal provisions as they are applied in real-world contexts. By analyzing how the law is interpreted and enacted in practice, the research seeks to illuminate the practical implications of legal regulations, thereby bridging the gap between theory and practice. This exploration of judicial practices is particularly important for understanding the nuances of legal application and the potential challenges faced by practitioners in the field.

The methodological framework of the study also includes a rigorous literature review, ensuring a thorough exploration of existing academic and professional literature related to public procurement. This step situates the research within the broader academic discourse and enhances the understanding of the topic. By synthesizing insights from previous studies, the research aims to build upon existing knowledge and contribute to ongoing discussions in the field.

In adhering to established standards of professional writing and publication, the research involves careful evaluation of results and appropriate citation of relevant sources throughout the study. This commitment to academic rigor not only enhances the credibility of the findings but also ensures that the research is accessible and useful to a wide audience, including policymakers, practitioners, and scholars.

By employing a systematic approach to data analysis and integrating various research methodologies, this scholarly investigation offers a comprehensive and insightful exploration of the legal landscape of public procurement in the Czech Republic. Ultimately, the study aims to contribute to a deeper understanding of public procurement practices and their implications for governance, accountability, and sustainable development in the region. Through its multifaceted analysis, the research aspires to inform future policy decisions and foster more effective and equitable procurement processes.

## 4 RESULTS

The Comprehensive Amendment to the Public Procurement Act (ZZVZ), enacted by Act No. 166/2023 Coll. on May 10, 2023, is effective from July 1, 2023. This amendment addresses deficiencies in the transposition of European procurement directives and refines specific provisions of the ZZVZ. Its main

goals are to reduce administrative burdens on contracting authorities and suppliers, alleviate unnecessary stringency in existing rules, clarify interpretative ambiguities, and rectify legislative deficiencies, without fundamentally altering the procurement process.

Key areas of focus in the amendment include:

- Procurement documentation
- Determining the estimated value of public contracts
- Procurement deadlines and security
- Qualification documents
- Exclusion of participants in procurement procedures
- Simplified procurement procedures
- Special procedures for public contract procurement

#### 4.1 Contracting Authorities and Possible Forms of Cooperation

The exhaustive list of contracting authorities outlined in § 4 para. 1 ZZVZ generally aligns with the provisions in § 2 para. 2 of the previous Public Procurement Act (ZVZ). Explicit mention is made of the Czech National Bank (ČNB), and for the state, its individual organizational units are recognized as operational units with functional autonomy in procurement, pursuant to § 17 para. 2 ZZVZ. The notion of a subsidized contracting authority in § 4 para. 2 ZZVZ is somewhat more restricted compared to the previous regulation and is complemented by a negative list concerning agricultural subsidies according to § 4 para. 6 ZZVZ. In cases of cooperation with a subsidized contracting authority, rules of vertical cooperation, as per § 11 para. 6 ZZVZ, are applicable.

The regulation governing the position of a sectoral contracting authority (§ 151 ZZVZ) is inspired by the provisions in § 2 para. 6 of ZVZ. A novelty is introduced in the form of voluntary submission to the ZZVZ regime with corresponding legal consequences (§ 4 para. 4 and 5 ZZVZ): either the procedure of the contracting authority in a formal procurement procedure, even for a small-scale public contract, or, in the case of an exception from the scope of the law according to § 29 and 30 ZZVZ, the procedure of an entity that does not qualify as a contracting authority. The relationship of these voluntary procedures to § 127 para. 2 letter g) ZZVZ and § 248 para. 2 ZZVZ needs clarification.

#### 4.2 Forms of Possible Cooperation of Contracting Authorities

National or cross-border associations of contracting authorities, or within the domestic context, associations of contracting authorities with a third party, are detailed in § 7–8 ZZVZ. Vertical cooperation, previously categorized under the in-house exception according to § 18 para. 1 letter e) of ZVZ, is now explicitly defined in § 11 and 13 ZZVZ. Within this form of cooperation, exemptions from the substantive scope of the law for public contracts awarded by an entity controlled by a contracting authority are significantly limited; this is permitted only under the conditions specified in § 11 para. 4 ZZVZ, particularly in relation to the controlling contracting authority or its other wholly controlled subsidiary or organizational unit.

The prospect of horizontal cooperation between multiple contracting authorities is newly regulated under § 12–13 ZZVZ. Cooperative services must be provided by both contracting authorities, and the delegation of certain activities from one to the other is deemed insufficient. The purpose of cooperation should be to achieve a common goal, and a maximum of 20 % of the cooperative activities of each contracting authority can be realized on the open market.

The concept of central procurement (§ 9–10 ZZVZ) retains its voluntary nature, conceptually originating from the provisions in § 3 of ZVZ. A new addition is the option of voluntary submission to the ZZVZ regime with corresponding legal consequences (§ 4 para. 4 and 5 ZZVZ): either the procedure of the contracting authority in a formal procurement process, even for a small-scale public contract, or, in the case of an exception from the scope of the law according to § 29 and 30 ZZVZ, the procedure of an entity that is not a contracting authority at all. Further clarification is needed regarding the relationship of these voluntary procedures to § 127 para. 2 letter g) ZZVZ and § 248 para. 2 ZZVZ.

#### 4.3 Public Procurement: Types, Regimes, and Exceptions

Public procurement, as defined in § 2 of the Public Procurement Act (ZVVZ), involves a remunerated contract between a contracting authority and a supplier, obligating the supplier to deliver goods, provide services, or perform construction works. This definition also includes transactions between state organizational units involving compensated deliveries or services [19]. The supplier definition, including branches and offices, is detailed in § 5 of the ZVVZ, and contractual obligations must be in written form as per § 51 para. 3.

The term "public procurement" extends to contracts based on framework agreements (§ 131–137) and dynamic purchasing systems (§ 138–142), reflecting a broader functional concept [20]. Employment contracts are excluded unless they involve collaborations between contracting authorities, as stated in § 3 of the Labor Code.

Public contracts are classified into supplies, services, and construction works, as outlined in § 14–15. Classification is based on the required performance rather than the contract type. Supplies involve acquiring items through purchase or lease, while construction works pertain to activities defined in CPV section 45. Services encompass activities outside supplies or construction, without a general list in the ZVVZ. In mixed contracts, categorization is based on the higher expected value.

The regime of a public contract (§ 24–27) is determined by its expected value, with financial limits for sub-threshold and supra-threshold contracts specified in Government Regulation No. 172/2016 Coll. and subsequent amendments. Small-scale public contracts remain capped at CZK 2 million for supplies and services, and CZK 6 million for construction works, as per § 27. Exceptions to the ZVVZ's substantive scope for small-scale contracts are noted in § 31.

Exceptions from the law's scope are detailed in § 29, commonly including the acquisition or lease of real estate, legal services, credit provisions, and research services. Special exceptions apply to sectoral public contracts (§ 158–159) and those in security and defense (§ 191). Further amendments to financial limits are anticipated for January 1, 2024.

#### 4.4 Estimating the Value

The regulations for determining the estimated value of public procurement, outlined in §§ 16–23 of the new Public Procurement Act (ZZVZ), build on principles from the previous Act (ZVZ) with some distinctions. The estimated value reflects the monetary amount a contracting authority anticipates for executing a public contract, excluding VAT, and is linked to the initiation date of the procurement procedure. If a contract is awarded outside a procurement process, the estimate derives from the concluded contract and includes all related payments and services, including those from reserved commitments (§ 100).

For framework agreements and dynamic purchasing systems, the estimated value encompasses all potential public contracts, including sub-threshold ones. When a public procurement is divided into parts, the total of all parts is considered (§ 18). For construction-related contracts, the estimated value includes services and supplies provided to the selected supplier (§ 22).

The contracting authority establishes the estimated value using data from similar contracts, market research, or preliminary market consultations (§§ 33, 211 para. 3). It can determine this value based on its operational unit's objective functional autonomy (§ 17). For recurring public contracts, provisions in §§ 19–20 apply, while terminated service contracts invoke § 21.

To distinguish between single and multiple contracts, only functional and temporal criteria are used (§ 18 para. 2). The estimated value of partial performances awarded sequentially must be aggregated. The relevant time period for estimating public procurement value is one year (§ 18), with specific rules for recurring contracts in §§ 19–21. Exceptions apply for supplies and services with fluctuating prices, provided the estimated value remains below the supra-threshold regime (§ 19 para. 3).

#### 4.5 Tender Conditions and Documentation

According to § 28 para. 1 of the ZZVZ, tender conditions include the documentation required for bids, which consists of the conditions and forms outlined in § 212 (Government Regulation No. 168/2016 Coll.) and invitations for simplified sub-threshold procedures. For sub-threshold public contracts (§§ 52–54), the content rules are governed by Parts II and III of the ZZVZ, while supra-threshold contracts follow Parts II and IV.

Preliminary market consultations may be used to prepare tender conditions as per § 33. If these are prepared by someone other than the contracting authority (excluding lawyers or tax advisors), this must be disclosed in the tender documentation (§ 36 para. 4).

The ZZVZ mandates a non-discriminatory definition of public procurement subject matter using technical conditions (§ 36 para. 1). For supra-threshold contracts, specific regulations for technical conditions are found in §§ 89–95, which include performance requirements and references to standards.

In construction works contracts (§ 92), the required documentation includes construction details and a bill of quantities as specified in Government Regulation No. 169/2016 Coll. For road vehicles, binding technical conditions are outlined in Government Regulation No. 173/2016 Coll.

Mandatory content includes business and contractual conditions related to the procurement subject, which can be presented as theses or full contractual texts (§ 37 para. 1). Special conditions may also address environmental impact and social consequences (§ 37 para. 1 letter d).

Tender documentation for both sub-threshold and supra-threshold regimes must define bid evaluation criteria and qualifications. For supra-threshold contracts, it also includes bid preparation and contract conclusion terms (§§ 103–104). Additionally, it can cover procurement deadlines (§ 40), participant guarantees (§ 41), subcontractor conditions (§§ 105–106), site inspections (§ 97), and joint bid cooperation (§ 37 para. 4). Negotiated procedures without prior publication may involve oral negotiations (§§ 67 and 96).

The availability of tender documentation is regulated in §§ 96–99. Except for negotiated procedures without prior publication, tender documentation (excluding certain forms and classified parts) must be published on the contracting authority's profile from the start of the procurement process until the bid



submission deadline. Changes to the tender documentation generally require an extension of the submission deadline (§ 99).

#### 4.6 Supplier Qualification

Supplier eligibility, defined in § 28 para. 1 letter c) of the ZZVZ, refers to the supplier's capacity to fulfill public contracts. Proof of qualification is mandatory for above-threshold procurements (§§ 73–88), while in simplified sub-threshold procedures, only basic eligibility is required (§ 53 para. 4). Sectoral public contracts have a distinct qualification regime (§§ 163–166).

For above-threshold contracts, contracting authorities must require proof of basic eligibility and parts of professional eligibility; economic and technical qualifications are optional. Additional qualification criteria beyond legal requirements are not allowed. Essential documentation to demonstrate qualification must be included in procurement documentation, as specified in § 73 para. 5 and 6.

Supplier eligibility encompasses criminal integrity, tax compliance, health insurance, and social security contributions (§§ 74–75). New provisions allow for self-cleaning of suppliers who do not meet basic criteria. Specific rules apply to security and defense contracts under § 195.

Mandatory documentation includes an extract from the commercial register (§ 77 para. 1) and may also require proof of business authorization, professional chamber membership, and professional qualifications (§ 77 para. 2). For certain public contracts, only the minimum annual turnover can be required, with a retrospective limit of up to three years, capped at twice the estimated contract value unless justified (§ 78 para. 3).

The ZZVZ emphasizes quality assurance standards, particularly those aligned with European standards. The contracting authority may reject qualifications due to conflicts of interest, and documents from the e-Certis system are preferred. Joint bidders must prove eligibility individually, and subcontractors must also meet qualification standards.

Under the ZZVZ, legally significant information must be disclosed. Mandatory details are published in the Public Procurement Bulletin or the contracting authority's profile, often in machine-readable formats. Notifications regarding procurement outcomes must be published within 30 days (§ 126), and contract details are regulated (§ 219). Changes to contracts are also subject to publication (§ 222 para. 8), and a written report must be available within 30 working days of procedure completion (§ 217).

Part XIII of the ZZVZ (§§ 241–271) establishes objection processes and administrative oversight by the Public Procurement Office (ÚOHS). Suppliers can object to actions taken by contracting authorities, generally within a 15 days timeframe (§ 242). Review proceedings can be initiated either on request or ex officio, with no fees for proposals. Prerequisites include prior objections and a deposit (§ 255). Proceedings focus on factual evidence, and electronic communication is mandatory (§§ 252, 261). If justified, supervisory bodies can annul procurement procedures or specific actions (§ 263). Offenses by contracting authorities are detailed in §§ 268–269, with a statute of limitations of 5 years for § 268 and 2 years for § 269.

## 5 DISCUSSION

The Act on Public Procurement in the Czech Republic marks a transformative shift in the regulatory framework governing public procurement, effectively replacing outdated legislation with a structure that aligns closely with European procurement directives. This comprehensive reform introduces several pivotal changes that are poised to enhance the efficiency and integrity of public procurement processes.

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Among these changes, the mandatory implementation of electronic communication between procurers and suppliers stands out as a particularly significant alteration. While the legislation does specify certain exceptions to this requirement, the overarching aim is to streamline interactions and foster greater efficiency within the procurement landscape.

The requirement for electronic communication has profound implications for the procurement process. By mandating that all facets of communication—ranging from bid submissions to proposal exchanges—be conducted electronically, the Act seeks to eliminate inefficiencies that have historically plagued public procurement. This legislative shift, articulated in the new Act on Public Procurement, is not merely a procedural adjustment; it is a strategic move designed to enhance both the efficiency and transparency of procurement procedures. While the transition to digital procurement systems is a crucial advancement, it is essential to address the potential obstacles and risks associated with digitalization. Complex or overly feature-rich digital platforms can inadvertently hinder the procurement process, particularly for smaller suppliers with limited technological literacy. According to Schmitz and Wimmer [16], a successful digital transformation requires designing streamlined, user-friendly tools that meet the specific needs of diverse stakeholders. Additionally, cybersecurity threats pose a significant risk, as public procurement platforms often manage sensitive financial and operational data. Ensuring robust security measures is vital to maintaining trust in the system. Finally, excessive reliance on digital platforms may marginalize users who lack access to stable internet connections or advanced technical infrastructure, underscoring the importance of complementing digital solutions with accessible training programs and support mechanisms. The adoption of digital communication tools is expected to reduce delays, minimize misunderstandings, and ultimately lead to a more effective procurement process. As digital platforms become increasingly integral to business operations, this requirement positions the Czech Republic to better align with global best practices in public procurement.

In addition to the procedural changes brought about by the Act, significant emphasis is placed on the disclosure of beneficial ownership information. This provision is crucial for promoting transparency and accountability among suppliers, especially in light of growing concerns regarding corruption and unethical practices in public procurement. By requiring procurers to disclose the identities of those who ultimately benefit from contracts, the Act aims to build public trust and ensure that procurement decisions are made based on integrity and ethical considerations.

Moreover, the integration of principles of socially responsible procurement represents a noteworthy evolution in the procurement landscape. For the first time, procurers are mandated to consider social and environmental factors in their decision-making processes. This shift reflects a broader commitment to sustainable development and responsible governance. Socially responsible procurement involves a rigorous evaluation of criteria such as labor standards, human rights, environmental sustainability, and ethical practices during the supplier selection process [21]. The objective of this approach is not merely to meet compliance requirements but to actively promote sustainable development, fair trade, and ethical business practices [22]. By embedding these principles into procurement processes, the Act aims to foster positive social and environmental outcomes, thereby enhancing transparency and contributing to overall societal well-being.

The current legal framework notably refrains from prescribing a rigid sequence for the steps involved in contractor selection, thereby granting discretion to the contracting authority. This flexibility is viewed as appropriate, particularly in contemporary contexts where less formal procurement procedures, such as the simplified sub-threshold procedure for services and construction works up to CZK 50 million, are increasingly favored. Such an approach allows for a more agile response to the varying needs of public procurement, facilitating competition and innovation. By empowering contracting authorities to tailor

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their procurement processes to specific contexts, the Act encourages a more responsive and adaptive procurement environment.

While the national legislation appears to be harmonized with European regulations, thereby alleviating superfluous procedural burdens, it is essential to recognize that navigating this intricate legal framework can present challenges. The complexity of the provisions may be daunting for the average reader, underscoring the importance of commentaries and explanatory materials that can enhance accessibility and understanding [23]. Legal clarity is paramount in ensuring that all stakeholders—procurers, suppliers, and the general public—can comprehend and engage with the procurement process effectively. Educational initiatives and training programs aimed at familiarizing stakeholders with the new framework will be critical in maximizing the benefits of these legislative changes.

The incorporation of provisions concerning electronic communication aligns with the European Parliament and Council directive, reflecting a concerted effort to modernize procurement practices across the EU. Notably, the Unified European Certificate, mandated by Directive 2014/24/EU, serves to alleviate administrative burdens for contractors, further streamlining the procurement process (Popa, 2018). This alignment not only facilitates cross-border procurement activities but also enhances the competitiveness of Czech suppliers in the European market. By reducing administrative hurdles, the Act fosters a more inclusive procurement environment that encourages participation from a diverse array of suppliers.

The recent amendments aimed at clarifying the legal text are viewed as advantageous, resulting in more flexible procurement procedures that remain within the bounds of established legal principles. Despite the inherent complexity of the legal framework, these reforms represent a significant step forward in enhancing the efficiency, transparency, and social responsibility of public procurement in the Czech Republic. The ongoing evolution of this framework will undoubtedly continue to shape the future of public procurement practices, fostering an environment that prioritizes ethical considerations alongside operational effectiveness. As these changes take root, it will be crucial for stakeholders to remain engaged in the continuous improvement of procurement practices, ensuring that they not only meet legal requirements but also contribute positively to the broader societal goals of sustainability and equity. This holistic approach to public procurement is essential for building a resilient and responsible procurement system that serves the interests of all citizens.

## 6 CONCLUSION

This study provides a detailed and comprehensive overview of the recent legislative framework governing public procurement in the Czech Republic, illuminating significant developments that have fundamentally reshaped the procurement landscape. The enactment of Act No. 134/2016 Coll., which replaces the previous Act No. 137/2006 Coll., marks a pivotal shift in the regulatory environment, signifying a commitment to modernizing public procurement practices. This new legislation, meticulously aligned with European procurement directives, comprises 15 distinct parts that systematically address various facets of public procurement and concessions, thereby establishing a robust legal foundation for future procurement activities.

One of the most integral modifications introduced by this Act is the mandatory use of electronic communication between procurers and suppliers, effective from October 18, 2018. This requirement, while allowing for specified exceptions as delineated in the law, represents a significant modernization of procurement processes [24]. The shift towards electronic communication is not merely a procedural change; it is a strategic initiative aimed at enhancing efficiency, transparency, and accessibility within

the procurement framework. By embracing digital tools, the Czech Republic aligns itself with global best practices, fostering a more streamlined and effective procurement environment. This transition to electronic systems is expected to reduce administrative burdens, minimize delays, and facilitate greater participation from a diverse range of suppliers, ultimately leading to more competitive bidding processes.

Another noteworthy alteration concerns the scrutiny of suppliers and the requirement for the disclosure of beneficial ownership. The introduction of Act No. 527/2020 Coll. and Act No. 37/2021 Coll. establishes a regulatory framework for determining the beneficial ownership of selected suppliers. This development is crucial for promoting transparency and accountability, as it ensures that the identities of those who ultimately benefit from public contracts are disclosed. Such measures are essential in combating corruption and fostering ethical business practices within the public procurement sector. The emphasis on beneficial ownership aligns the Czech Republic with international standards aimed at increasing accountability in public contracting, thus enhancing public trust in the procurement process.

The scope of socially responsible procurement has also been significantly broadened through the enactment of Act No. 543/2020 Coll. This legislation emphasizes not only socially responsible procurement but also environmentally responsible procurement and innovation [25]. By integrating these principles into the procurement process, the Act encourages procurers to consider social and environmental factors when evaluating suppliers, thereby fostering sustainable development and ethical practices. The incorporation of these principles reflects a growing recognition that procurement decisions can have far-reaching implications beyond mere financial considerations, impacting communities and the environment.

Building on these principles, Act No. 174/2021 Coll., which pertains to Food and Tobacco Products, further enhances the tenets of socially responsible procurement, particularly in the context of food supply chains [26]. This legislation underscores the importance of ethical sourcing and sustainability in public procurement, reflecting a growing awareness of the role that procurement practices play in promoting societal well-being. By prioritizing socially responsible procurement, the Czech Republic is not only addressing immediate economic needs but also contributing to long-term environmental and social goals.

The recent amendment to Act No. 166/2023 Coll., which modifies Act No. 134/2016 Coll. (as subsequently amended), was introduced in response to the European Commission's initiative under Article 258 of the Treaty on the Functioning of the European Union. This amendment was prompted by the Commission's reasoned opinion regarding the improper implementation of directives on public procurement, specifically Directives 2014/23/EU, 2014/24/EU, and 2014/25/EU [27]. The European Commission contended that certain provisions of the Czech Act on Public Procurement contravened these directives, primarily due to the establishment of unauthorized exceptions to the application of public procurement rules. Such provisions, when broadly interpreted, pose a significant risk of circumventing established regulations, undermining the integrity of the procurement process. This situation highlights the necessity for ongoing dialogue and cooperation between national authorities and European institutions to ensure compliance and enhance the effectiveness of procurement practices.

The amendment to the Act on Public Procurement introduces substantial changes that not only fortify the principles of socially responsible procurement but also enhance the overall integrity and transparency of public procurement in the Czech Republic. This research, employing a synthesis of legal analysis, comparative assessments, and insights derived from judicial practices, aims to contribute to a nuanced understanding of the evolving landscape of public procurement in the Czech Republic. As the

legal framework continues to adapt to both national and European standards, it is imperative for stakeholders to remain engaged in the ongoing discourse surrounding public procurement, ensuring that practices not only comply with legal requirements but also promote ethical, sustainable, and socially responsible outcomes.

Furthermore, the successful implementation of these legislative changes requires active participation from all stakeholders involved in the procurement process, including government agencies, suppliers, and civil society organizations. Stakeholders must collaborate to develop best practices, share knowledge, and foster an environment of transparency and accountability. Educational initiatives and training programs will be essential in equipping stakeholders with the necessary skills and understanding to navigate the complexities of the new procurement landscape effectively.

As the Czech Republic continues to refine its public procurement framework, it is crucial to monitor and evaluate the impact of these legislative changes on procurement outcomes. Ongoing research and analysis will be vital in identifying areas for improvement, ensuring that the procurement system remains responsive to the needs of the public and aligned with broader societal goals. By fostering a culture of continuous improvement and innovation in public procurement, the Czech Republic can position itself as a leader in responsible and effective procurement practices, ultimately benefiting society as a whole. This holistic approach to public procurement not only enhances operational efficiency but also contributes to the achievement of sustainable development goals, paving the way for a more equitable and prosperous future.

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