



Ing. Marcela Pavlová

Deputy Minister for Management of Construction and Public Investment Section

Prague, 27th November 2020

File no.: 55645 / 2020 - 82

Dear Mr. Kraay,

We are addressing you in regard to discrepancies pertaining to the handling of the construction permits indicator in the Doing Business report for the Czech Republic. Unfortunately, our efforts to arrange a video call with members of the report preparation team did not succeed and thus we are left with no alternative other than to address you via this written format.

In the Doing Business 2019 report, which was published at the end of 2018, the Czech Republic's rating decreased significantly in terms of the quality criteria (building quality control index), which comprises 25% of the overall result. Since the 2019 report, the Czech Republic has scored 8 points out of 15. Specifically, the Czech Republic scored 0 points out of the maximum 4 in the professional certifications index. However, qualification requirements in the Czech Republic have remained constant over the past 10 years and are comparable to, if not stricter than, countries which received the maximum score (4), such as Austria and Germany. From the perspective of the final assessment of the Czech Republic, the approach to this evaluation criterion is absolutely crucial, because although public attention apparently focuses on the length of procedures, that is probably not the key issue. We deduced this from e.g. Canada, which ranked 63rd and where the total time required for approval processes is 249 days, while the Czech Republic with an approval process time of 246 days ranked 156th. The Ministry of Regional Development has repeatedly filed objections to this indicator and asked for a correction of inaccurate data and reassignment of the maximum score of 4 in the building quality control index, as in the previous report.

In May 2020, in comments on data updates for the Doing Business 2021, we expressed the opinion that the World Bank worked with erroneous data, for there had not been any legislative changes that could have affected quality control. The World Bank team's response delivered at the end of August 2020 stated that the data had been corrected by the World Bank. The team has found that although S. 8 (2) of Act No. 360/1992 Coll., on the professional practice of certified architects and on the professional practice of certified engineers and technicians active in construction, as amended (the "Authorisation Act") requires that architects have a university degree, it also enables professionals with secondary school degrees to work in this profession. Specifically, they refer to S. 8 (2)(c) of the Authorisation Act, which pertains to certified technicians. They also mention the qualification requirements for construction oversight pursuant to S. 2 (2)(d) of Act No. 183/2006 Coll., on land-use planning and the rules of building procedure (the Building Act), as amended. According to the report preparation team, the applicable regulations indicate that architects and engineers only need a professional education diploma or certification in order to verify building plans and oversee the construction process. The letter we received stated that as a result, the data on these issues had been updated in the Doing Business 2019 report and the preparation team stated that it would leave the data unchanged in the upcoming Doing Business 2021 report.



Unfortunately, we must emphatically object to this interpretation, for apparently it reflects a regrettable lack of understanding of the issue and erroneous interpretation of national legislation. Certified technicians can perform selected tasks in the field of construction (design work and expert construction management), or take on the role of designer, or chief designer or contractor's site manager, solely on the basis of and in the scope of the granted authorisation. Authorisation is granted for fields and specialisations pursuant to S. 5 and S. 6, respectively, of the Authorisation Act. The scope of authorisation is defined by the provisions of S. 19 (a), (b) and (d) of the Authorisation Act. In the context of S. 19 of the Authorisation Act, it is clear that in the event that a certified technician is granted authorisation for all fields and specialisations which the technician could be granted according to the law, such a designer would not be authorised in the construction project design documentation to assess the structural aspects of the construction project and in the construction implementation design documentation to develop a detailed structural analysis. Authorisation in the field of building structural analysis and dynamics can only be granted to a certified engineer with the required bachelor's or master's degree. A standardized warehouse project always requires the involvement of a designer with a university degree.

The Ministry of Regional Development and the Czech Chamber of Certified Engineers and Technicians Engaged in Construction (ČKAIT) issued a joint statement pertaining to the scope of authorisation of certified technicians previously, in 2017. You will find a translation of this document in the annex hereto.

We also deem it necessary to mention that qualification requirements for building oversight pursuant to S. 2 (2)(d) of the Building Act mentioned by the report preparation team in its letter cannot be applied to a standardized warehouse. Building oversight means expert oversight over construction carried out by a builder for their own benefit. Pursuant to S. 160 (3) of the Building Act, a builder may carry out most construction projects, earth moving, facilities and maintenance work for their own benefit in line with Ss. 103 and 104 of the Building Act. S. 103 of the Building Act lists construction projects, earth moving, facilities and maintenance work that do not require either a building permit or notification to the Building Authority. S. 104 of the Building Act concerns simple construction projects, earth moving and maintenance work where notification is sufficient. A standardized warehouse meeting the applicable parameters may not be classified in any of these categories.

It follows from the wording of S. 160 of the Building Act that the evaluated warehouse construction project can only be performed by a contractor that is a construction business. Such a contractor must ensure expert construction management by a contractor's site manager who is certified in line with the Authorisation Act, i.e. the same qualification requirements apply as for a designer (see above). The contractor's site manager is obliged to manage the construction in line with the decision or another measure issued by the Building Authority and with the verified design documentation, to ensure compliance with the duty to protect life, health, environment and safety at work arising from special legal regulations, to ensure proper organisation of the construction site and its operation and compliance with general building requirements (S. 169 of the Building Act) and/or other technical regulations and standards. The contractor's site manager also undertakes to act to remove defects during the construction process, to create conditions enabling an inspection of the construction project and to cooperate with the person performing the builder's technical oversight or the designer's construction oversight and with the health and safety at work coordinator.



To conclude, I would like to point out that pursuant to S. 16 of the Authorisation Act, certified persons are obliged to conclude a relevant third-party liability insurance policy related to performance of their work. This topic is also wrongly interpreted in the report and the assigned score should be corrected.

We hope that the above explanation will lead to amendment of inaccurate data in the Doing Business 2019 report and the reports for subsequent years. We assume that based on the facts the maximum score will be assigned for the building quality control index.

Should you need further information on the above topic, I assure you that we are ready to take part in an online meeting during which we could explain this topic to you and the report preparation team in more detail.

Thank you for your cooperation. Please notify us about the changes made.

Kind regards,

Annex: Joint statement of the MoRD and ČKAIT pertaining to the scope of authorisation of certified technicians to carry out specified tasks in construction

Aart C. Kraay (akraay@worldbank.org)
Director of Development Policy and Deputy Chief Economist
The World Bank

