

Abstract

This thesis analyzes the spending behavior of municipalities regarding public contracts, mainly the relationship between municipal public procurement spending and fixed capital formation, using a unique panel dataset containing data on 3,404 Czech municipalities for the years 2011–2022 made specifically for this purpose. The relationship was found significant and positive regardless of other municipalities' characteristics: size, regional affiliation, and political affiliation. Although the distribution of spending on public procurement during municipal election terms pointed to a certain degree of opportunistic spending in the years of elections, no definitive conclusion could be made for the subset of parties present both in the municipal and national government at the same time. It was also found that in most cases, the established national political parties ruling in municipalities are more likely to invest in all three main contract types (construction works, services, supplies) as opposed to having no contract when compared to independent candidates. A prediction of future short-term gross fixed capital formation was ruled out as unreliable using the dataset in question.

JEL Classification	C55, C81, H57, H72
Keywords	public procurement, budgeting of municipalities, municipal capital expenditure, fixed capital formation, municipal political affiliation
Title	Public Procurement and Budgeting of Municipalities