Abstract

Efficiency is an important concept for performance evaluation of decision-making units. This thesis studies efficiency of public spending and methods of its estimation. Firstly, a wide range of efficiency estimators are defined and compared. For the public spending efficiency analysis the most convenient estimator is found to be the cost frontier approach of the Stochastic Frontier Analysis (SFA).

The second part of the thesis contains efficiency analysis of public spending in the 14 regions of the Czech Republic in the years 2003–2014. For the analysis current expenditure of regional offices is used as the input. Based on the investigation of regional services output index is formed and employed in the analysis. The estimation is performed using the cost frontier approach of the SFA as the main method. Various other efficiency estimators are then applied to the data in order to study robustness of the results. The thesis further discusses relative ranking of the regions and time evolution of efficiency scores using different assumptions and variety of methods. Lastly, several potential effects on the estimated efficiency are considered and analysed.

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Author’s e-mail verca25.vrana@seznam.cz
Supervisor’s e-mail j.zapal@cerge-ei.cz