

# Executive Summary

After a period of fast growth, the Czech Republic was hit by the COVID-19 crisis followed by Russia's war of aggression against Ukraine, as was the case for many OECD member countries. The country is facing as a result a number of headwinds with soaring inflation and cost-of-living, the refugee crisis, concerns around regional inequalities and the need to accelerate its green transition against persistently high carbon emissions. Trust levels in government and in the civil service stand significantly below the OECD average and satisfaction with public services is uneven. Public governance reforms, particularly governance arrangements to address crises and crosscutting challenges such as climate change and digitalisation and on enhancing the efficiency, agility and responsiveness of the public administration at central and local levels are instrumental to restoring trust in government, overcoming the effects of the recent crises and addressing future challenges.

The Czech Republic has developed a set of stable, firmly established governance frameworks, instruments and rules. The report finds, however, that the Czech Republic could further modernise and enhance the effectiveness of its public administration and public services to be fit for the current set of challenges. The Ministry of Interior has developed a public administration reform strategy (PAR), "Client-oriented public administration 2030" to modernise the public administration. The PAR covers crucial reform areas, such as enhancing the quality and accessibility of public services, improving the coordination, digitalisation, and capacities of the public administration and fostering citizen participation. However, its implementation has been hampered by a number of obstacles linked to shortcomings in whole-of-government coordination, limited capabilities across the administration and a lack of stewardship at the political level. The PAR and the present Review aim to support the Czech public administration develop governance arrangements, capabilities and instruments to address contemporary governance challenges, ranging from raising public sector efficiency, enhancing coordination at all levels of government and increasing citizen participation, to embracing the digital and green transitions.

Developing a citizen-centered administration and further engaging citizens is a crucial objective of the PAR. Islands of good practices in terms of citizen and stakeholder participation exist across the whole Czech central administration and at the local level. Notably, the country has a strong culture of creating advisory and working bodies that include different types of non-public stakeholders. However, existing participatory processes often lack impact and there is currently no overarching vision for citizen and stakeholder participation across the public administration. Moreover, participation is often limited to the "usual suspects" and guidance, co-ordination and sharing of good practices needs to be reinforced.

The capacity of the centre of government (CoG) to steer the response to crosscutting challenges, identify and implement government priorities and deliver on commitments is instrumental in addressing today's policy challenges. The lack of strategic steering and coordination capacities in the Office of the Government (OG), the main CoG institution in the Czech Republic, has led to the multiplication of strategies and priorities, generating challenges and shortcomings in their consistency and for their implementation. Further building capabilities and instruments in the OG on strategic planning, policy coordination, and guidance can enhance the consistency and alignment of national and sectoral strategies and policies.

Despite its importance – elevated at times of crises – evidence-informed decision-making (EIDM) in the Czech Republic needs strengthening, both at the political and civil servant levels, in order to make more informed policy choices that take into account the legitimate needs of citizens. Increasing analytical capacities, data sharing across the administration, more rigorous regulatory impact assessment (RIA) and ex post evaluation of policies and regulations, are necessary for EIDM to take hold in the Czech Republic. Developing analytical capabilities at the centre of government can also support more evidence-based policymaking based on strategic priorities. Several ministries and agencies have started closing these gaps but more systemic efforts are needed.

There are over 6 000 municipalities in the Czech Republic and 88% of them have fewer than 2 000 inhabitants, undermining policy coordination. This territorial fragmentation affects the efficiency of public services and investment at the subnational level not only because coordination among levels of government is difficult in this context, but also because municipalities, especially small ones, face strong capacity gaps. Stronger inter-municipal cooperation is therefore needed to foster the efficiency of investments and services, and ultimately improve citizens' well-being. This can be done by providing incentives to municipalities to encourage long-term and stable cooperation across the whole policy cycle. The Czech Republic can also benefit from placing greater focus on a place-based approach to subnational strategic planning, by encouraging cross-municipal joint planning, as well as improving inter-ministerial and multi-level coordination. A number of practices could be instrumental in this regard, including: promoting peer-exchange, developing assistance networks at the regional level, as well as tailoring the support to different groups of municipalities (e.g. large urban centres, small rural municipalities, etc.).

The Czech Republic has made digital government a national priority and has invested in the governance of digital government and several public policies to deliver better services to users. It is well-positioned to strive towards digital government maturity with a whole-of-government strategy supported at the highest political level. Nevertheless, it remains essential for the Czech Republic to enable the changes by strengthening the newly established governance for digital government, consolidating coordination and collaboration efforts and equipping the public sector with key policy levers to design and deliver public services for all users in the digital age.

The success of the Czech reform agenda will depend in part on the ability of the administration to attract and recruit people with the right skills. Improving the attractiveness within the recently revised legislative framework involves not only better employer branding, but a whole-of-government effort to revise and update the principles of recruitment/selection and people management – particularly when it comes to selecting senior leaders. A more strategic approach to learning and development would position the administration well to deliver on its ambitions, reinforced with more and better data to inform workforce management policies.

Finally, the effectiveness of these reforms will also depend on the public governance system's resilience in the face of current and future crises. During the COVID-19 crisis, the Czech Republic had a well-developed crisis management framework and activated its central crisis co-ordination and advisory unit, the *Central Crisis Staff*, and created *ad hoc* advisory bodies, such as the Council for Health. However, the government faced several governance challenges in the implementation of these frameworks, particularly on the coordination between these bodies, the lack of staff capacity on crisis management, the absence of centralised crisis management information systems, and the lack of consistent public communications channels and messages with key stakeholders and citizens. Initiatives have been launched to address those issues and should be pursued particularly in light of the ongoing crisis due to the war in Ukraine.



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