



## **Reconstruction of the State: Second Year**

We have united citizens, businesses, experts and political leaders in an effort to promote nine bills for responsible politics.



*“I respect Reconstruction of the State and regret that politicians themselves are not pursuing these issues. It is embarrassingly undignified for them to be pressed to keep their promises.”*

**Tomáš Sedláček**, economist and philosopher



*“In democracy, politicians are accountable to citizens. A single voter could hardly assess if, and in what quality, politicians keep their promises. Reconstruction of the State exposes important themes, keeps an eye on how politicians live up to their pledges, and keeps the public up-to-date. This is very important.”*

**Vladimíra Dvořáková**, political scientist



*“I am absolutely sure that with a higher degree of transparency, meaning for example the publication of contracts, better surveillance on the part of the Supreme Audit Office, transparent political funding and the promotion of further measures proposed by Reconstruction of the State, a substantial improvement could be achieved. To have politicians sign a pledge to promote such changes is a smart way for civil society to effectively see to that.”*

**Miroslav Zámečník**, economist



*“This country urgently needs reconstruction, and I realized that virtually every day as I was collecting background material for my books, *The Prague Mafia*, and *Frost Comes from the Castle*.”*

**Michal Viewegh**, novelist



*“I meet with many entrepreneurs, who are disappointed to see political leaders spend so much effort just to have the Reconstruction bills stashed away. This is why we have united in support of this project.”*

**Radim Jančura**, business leader



*“Corruption is the consequence of a failed state and a failed society. Reconstruction of the State enables all those who strive to stamp out corruption to take part in writing and promoting the needed legislation.”*

**Věroslav Sobotka**, cofounder, Association of Small and Medium-Sized Enterprises and Crafts CZ

# Reconstruction of the State one year after elections

**35**

participating organizations

**163**

MPs support us

**30**

Senators support us

**123**

goodwill ambassadors

**9**

expert groups

**92**

meetings with political leaders (since 1 Jan 2014)

**15**

presentations in parliamentary committees

**190**

pages of analysis

**2**

bills passed

**2**

bills in parliamentary pipeline

**4**

bills in government agenda plan

**1**

bill passed not in line with the pledge

Abolition of bearer shares

Transparent legislative process

Independent control by the Supreme Audit Office

Contracts published on-line

Politics without concealed sponsors

Independent state prosecution

Experts in supervisory boards

Politicians to declare assets

Professional state administration

# Parliament endorses more transparent legislative process

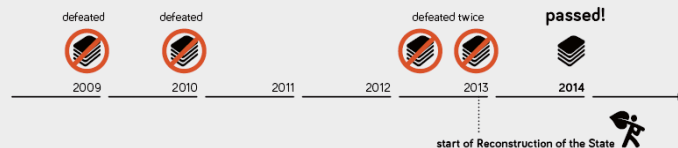
In November 2013 we persuaded 46 members of parliament to put forward a bill in the Chamber of Deputies, which would prevent “riders” from being slapped on the bills at the last minute. Subsequently, discussions of MPs and experts were organized to comment on the various modifications of the bill. This bill was passed in October 2014.

**A billion crowns’ worth of carbon permits, sCard, petrol tax amendments or degrading the role of mobile operators’ customers: MPs concealed all these in last-minute riders.**

The original bill contained **six measures**. However, MPs were finally able to agree only to those they had pledged to support in writing before the elections.



Efforts to have this bill passed were made since 2009, the bill being defeated **four times**.



# Deputies pass independent supervision of state enterprises

In November 2013 we persuaded 75 deputies to propose a Constitutional amendment that would enable the Supreme Audit Office (NKÚ) to exercise control of more than a trillion crowns passing annually through state and municipality-owned joint stock companies, as well as all municipalities and regions. The Chamber of Deputies passed the bill in May 2014. We prevented the passing of a House committee draft amendment, which would restrict the supervision of state-controlled joint stock companies.

... support garnered from 19 out of 27 new Senators

Any change in the Constitution, previously passed by the Chamber of Deputies, requires the votes of three fifths of the Senators present, and deputies cannot defeat the Senate vote. Therefore our goodwill ambassadors contacted Senatorial candidates before the October 2014 elections. Thirty Senators have pledged to stand behind the amendment, to date.



In its latest report the **Security Information Service (BIS)** said it considers state-owned companies to be the most dangerous operating place for clientelistic pursuit, also because of the absence of control on the part of the NKÚ.

NKÚ audits:

**240**  
billion CZK

per annum from the national budget  
(discretionary spending)

NKÚ does not audit:

**622**  
billion CZK

per annum in the case of state and  
municipality-controlled companies

NKÚ does not audit:

**381**  
billion CZK

per annum spent by regions  
and municipalities

# Bearer shares go down the drain

After its defeat in the Senate, the bill put forward by the Nečas cabinet could have shared a typical end of so many anti-corruption reforms: some Senators were in favour of milder regulation, and some were prepared to back only the stricter version. We therefore planned a media and persuasion campaign so that if the stricter version was rejected its proponents would vote for the softer version. It was finally passed, in May 2013.



By June 2014, former bearer shareholders were required to either sign in on a **list of shareholders** or lose the exercise of their shareholder rights.

The **easiest method** of legalizing the proceeds from organized crime and corruption was to opt for bearer shares. This method prevented the detection of conflicts of interest in cases of public procurement and subsidies.

**Offshore businesses** still make it possible to conceal ownership, but the risk of the owner structures being deciphered by the investigating bodies is appreciably higher.

# Bill on the Registry of Contracts rescued (for now)

The draft legislation, tabled by 78 MPs shortly after the elections, was challenged by a strong body of municipalities and state enterprises. Under pressure, several Lower House Committees proposed for the bill to be defeated. However, members of the Constitutional Committee were eventually persuaded against returning the bill to the start of its legislative journey. We also helped to defeat a Ministry of the Interior proposal that would allow for blacked out pages to be published instead of contracts.

Only **53%** of city-owned firms disclose information as required under the law.  
(Survey: Oživení)

## Tomáš Baťa,

founder of the Bata Company, was the first mayor to order the public posting of city contracts.

Funds are diverted from municipality and state-owned companies due to discriminatory amendments to contracts, which these companies tend to lose suddenly or discover at whim. (BIS report)



# Ministries to furnish remaining bills by the end of 2014

The Nečas government planned to table its anti-corruption bills at the end of its tenure, and consequently most of them were dropped. The new cabinet's legislative plan envisaged that some of the bills inspired by Reconstruction of the State would be attended to no sooner than in 2015. We worked hard to make them change the plan and the ministries are supposed to draw up all bills by the end of this year. We comment on rudimentary bills while they are still no more than legislative thoughts.

- This includes bills on the funding of political parties, the declaration of politicians' assets, the nomination of experts to the supervisory boards boards of state-owned enterprises, and an independent state prosecution body.
- Meanwhile we have prevented the Ministry of Finance from replacing the law on the nomination of members of supervisory bodies with a mere regulation. The Ministry asked us to provide an expert opinion on the issue.

**20,000 CZK** is now the going rate for a fine for false sponsors and other “mistakes” in the accounting books of political parties. The supervisory boards of the joint stock companies controlled by cities and the state represent management interests rather than the interests of due diligence, according to the latest BIS report.





# In-depth independent monitoring of MP conduct presented

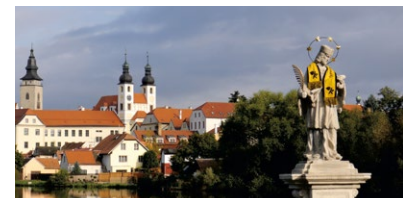
Having obtained commitments from 163 lawmakers, we promised we would check up on how they keep their promises. Therefore, in September 2014, citizens received shorter versions in their mailboxes, and full results on our website, of the outcomes of our year-long monitoring effort: we took stock of all voting sessions, attended all deliberations in the committees, commented on ministry proposals, read all public statements, and inquired about the outcomes of all coalition meetings. All this resulted in a detailed evaluation of the conduct of the various parties, as well as a simplified score card for those not versed in parliamentary procedures.

The activity of political parties was rated solely on the evidence of actions taken, based on the active proposition of legislative drafts, the implementation of ministries' plans, and voting in parliament.

We don't claim that any "our" draft bills are "it". We only check if the proposed bills meet the principles which the deputies promised to uphold in the Pledge of Support for Reconstruction of the State.

With the help of our partners, we were able to distribute the abridged version of the evaluation to

**2.3 million mailboxes.**



# Coalition for fair play

## Guarantors on behalf of Reconstruction of the State



Pavel Franc, CEO Frank Bold

*“As citizens, we work to establish a social culture and promote fair and transparent rules for the administration of this country. Anyone can join us.”*



Martin Kameník, Chairman, Oživení

*“It’s the essential minimum required for the transparency of public administration, curbing the clash of interests, and the exercise of independent control of public spending. These bills are a realistic start.”*



David Ondráčka, head of Transparency International Czech Republic

*“Reconstruction of the State is not a movement or [political] party; it’s a broad and provisional coalition that wants to start positive changes in political culture and the style of governance.”*

## Executive Team 2014

Martin Fadrný, Manager of the Executive Team, head of the Responsible State Section at Frank Bold

Jiří Boudal, Project Manager

Petr Bouda, Legal Analysis

Nikola Hořejš, Public Campaigns

Michala Chatrná, Partners and Donors

Josef Karlický, Lobbying and Volunteer Activists

Magdaléna Klimešová, Analyst

Jitka Kmošková, Monitoring and Lobbying

Zuzana Pavelková, Media and Production

Did you know?

Political leaders have endorsed a detailed statement addressing **40 points in nine areas**. They did not sign a blank check.

We consult political leaders on their grievances and try to find a **realistic compromise**.

We know that some political parties **do not recognize democratic rules**. But we don't wish to be the judge supreme of politics: we just want to provide unbiased data ensuing from our field of expertise.

Reconstruction of the State came into existence so sensible ideas **don't fall victim to populist and political upheavals**.

Politicians have endlessly tried to bring up the issue of clientelism and corruption. We want to promote rules that could stop the **abuse of power in its various forms**.

## Member organizations:



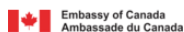
## With generous financial support from:



Supported by a grant from the Open Society Foundations

With the financial support of the Prevention of and Fight against Crime Programme  
European Commission - Directorate-General Home Affairs

Supported by a grant from Iceland, Liechtenstein and Norway through the EEA Grants



Jan Barta, Libor Winkler, Ondřej Fryc, Václav Dejčmar, Karel Janeček Foundation, Orlický Family, Radiocom, KPMG Czech Republic, UNIMEX GROUP, LOMAX, Martin Ducháček, Oto Otěpka, Fresh Revolution, TECHLAR, Awec Aluminium Products, Lubomír Bárta, Lenka Špičáková, Ondřej Nezdera, JABLOTRON ALARMS, Alkom, eSports.cz, ZOOM International, Systemický institut, Ateliér P.H.A., and dozens of other donors

## Thank you for support also to:

Association of Small and Medium-Sized Enterprises and Crafts CZ, British Chamber of Commerce, Nordic Chamber of Commerce in the Czech Republic, Netherlands-Czech Chamber of Commerce, American Chamber of Commerce, German-Czech Chamber of Commerce, HST Swiss-Czech Chamber of Commerce, French-Czech Chamber of Commerce, U.S. Embassy Prague, British Embassy in Prague, Embassy of Canada in Prague, Embassy of the Netherlands in Prague, Coalition for Transparent Business, Association of Technical Security Service Grémium Alarm (AGA)

AV MEDIA, PORTA DESIGN, BCF, Intercatering, Úschovna.cz, Prague Business Club, DC Vision, Tygr tisk, Tiskárna Daniel, manGoweb, Jan Hromádka, DOX Centre for Contemporary Art, Urban Studios, IO Post, MODS, top vision, Candole Partners, HRVKN, Millward Brown, Europe Easy Energy, EkoWATT, BIO|OKO, Nový prostor, Tres Consulting, S.O.S. Car Rentals, Greenpeace, Hnutí Duha (Friends of the Earth Czech Republic), NaZemí, The Ecumenical Academy Prague, Automat, Nesehnutí, Children of the Earth (Děti země), Autonapůl, Calla-Association for Preservation of the Environment

... and all our associates, volunteer activists and friends.

# ...nás sítí sítí Re...

ních podniků nemají sedět politické trafikanty, ale odborníci. A že všechny smlouvy za veřejné peníze mají být na internetu.

Jenže reaktivní poslanci též říkají, že při projednávání zákonů odražují na hranice toho, co dokážou odvolat. Teba zákon o státní službě, který měl vytvořit pracovní podmínky nezávislé na politické úředníku, která poslanci prosadit, a ze zákona tak státní úředník by měl být nezávislý na politice. A ze zákona tak státní úředník by měl být nezávislý na politice. A ze zákona tak státní úředník by měl být nezávislý na politice.



Petr Fiala, ministr školství

### Na trafikanty chce Sobotka nasadit speciální 'úředníky'. Budou zkoumat odbornost

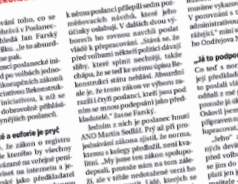
Práha - Na nominace státu do dozorčích a správních rad má dozorčí speciální vládní výbor. Premiér Bohuslav Sobotka (ČSSD) chce nasadit do těchto rad lidi, kteří budou zkoumat odbornost kandidátů. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost.



Petr Nečápek, ministr školství

### Největší z domova

Demagorové 2. března o novém zákoně o státní službě. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost.



Petr Nečápek, ministr školství

### Práha

Poslanecký ústavek, co se týče odbornosti. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost. Jde o lidi, kteří mají v oboru, který se jedná o dozor, nějakou odbornost.



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## HOSPODÁŘSKÝ DENÍK

Byznys Domácí Zahraniční Názory Life Tech

Článek: Úřad má tým, který zamezí trafikantům. Není o nezávislosti, namítá Rekonstrukce státu

Matěj Šemlák - redaktor 25. 3. 2014 (poslední aktualizace 15:41)

## HOSPODÁŘSKÝ DENÍK

Byznys Domácí Zahraniční Názory Life Tech

Článek: Nový zákon by umožnil začernění některých informací. Foto: Shutterstock

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Byznys Domácí Zahraniční Názory Life Tech

Článek: Zveřejňování smluv je chroženo, ale ví se proč. Foto: Shutterstock

Matěj Šemlák - redaktor 25. 3. 2014 (poslední aktualizace 15:41)

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Článek: Registr smluv má namále. Podkopli mu nohy poslanci ANO. Foto: Shutterstock

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Článek: Poslanci chtějí odstranit protikorupční pojistku. Foto: Shutterstock

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