STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: CZ01-07-06
   Twinning Number: CZ01/IB/JH/05

1.2 Title: Improving the Fight against Corruption and Economic Crime

1.3 Sector: Justice and Home Affairs

1.4 Location: The Czech Republic: Police of the Czech Republic, Ministry of Interior with participation of Ministry of Justice, Ministry of Finance and other financial and law enforcement institutions (Czech National Bank, Securities Commission etc)

2. Objectives

2.1. Overall Objective
- The conditions established for the fulfilling of obligations of membership through the adjustment of administrative structures, so the EC legislation transposed into legislation is implemented effectively through appropriate administrative and judicial structures.

2.2. Project Purpose
- To strengthen the law enforcement institutions in the effective fight against corruption, fraud and serious economic crime
- To speed up the process of investigation of corruption and serious economic crime

2.3. Accession Partnership and NPAA priorities:
- The Accession Partnership - short-term priorities: implementing policy against corruption (legislation, implementing structures, sufficiently qualified staff, better co-operation between institutions) and economic crime; upgrading law enforcement bodies and ensuring better co-ordination among them; medium-term priorities: continuing the fight corruption and economic crime.
- The National Programme 2000 includes short-term priorities: Chapter 1.1.3 Anti-corruption Measures combating corruption covers an amendment on the Act on the Police, an incorporation of anti-corruption measures into the curriculum police schools, fulfilling the Governmental Programme of the Fight against Corruption; Medium-term priorities include harmonisation of the law in order to fully implement acquis in the field of corruption, completion of the Governmental Programme of the Fight against Corruption.

3. Description

3.1. Background and justification
The Government of the Czech Republic pays a continued attention to the fight against corruption, money laundering and serious economic crime. The fundamental material „The Governmental Programme on the Fight against Corruption“ was approved on 17th February 1999. It systematically covers legislative and organisational measures to combat corruption and makes commitments to co-operate on an international level both on
concrete cases and exchange of information. The Governmental Programme is usually being updated every year by the end of March.

In accordance with this policy there is an intention to develop a new structure within the Police of the Czech Republic (supposedly financial police based on Service for Combating Corruption and Major Economic Crime, during 2001-2002) and to ensure a close co-operation between this service and the Bureau of Investigation, which has established new departments for investigating cases concerning corruption and serious economic crime since September 2000, and with all other involved institutions i.e. Ministry of Finance, Ministry of Justice, State Prosecutor Office special branches for prosecution of corruption and serious economic crime, judges, other financial, security and law enforcement institutions.

Development of efficient technical framework and better trained staff for combating corruption and major economic crime in line with the EU legislation and practice will lead to a higher rate of successful prosecution. The biggest problem is complexity of investigation of corruption and major economic crimes. These cases need extremely carefully conducted investigation, usage of the best technical and operational tools for obtaining sufficient evidence, large analysis of financial records, flows of money, flows of events, structures of organisations included into corruption and major economic crime schemes, background and connections of all included persons etc. To work on similar cases without adequate technical tools and specially trained staff is nowadays practically impossible.

The deficits currently preventing the Czech Republic to combat corruption and major economic crime more effectively are lacks of modern technology (computers, special machines and software), underestimating of white collar crime and insufficient willingness of the public to co-operate with law enforcement bodies, and insufficient experience of the Police in extremely difficult investigation. From the angle of international co-operation the biggest problems are the language barrier and insufficient knowledge of European standards of techniques of financial investigations and evidences.

3.2. Linked activities:

The twinning Phare project CZ 98-10-02 established a special centre for training of criminal intelligence analysis and I2 system, including training of Czech instructors. Phare provided the hardware, special software and training, the Police of the Czech Republic provided facility, other equipment, instructors, accommodation and transport. These activities will continue in twinning project CZ 99-04-01 (together with Ministry of Justice). This project provides the most important law enforcement and financial institutions on central level and the Police on central and regional level with I2 system, which will create conditions for these institutions to be familiar with the new analytical tools allowing more efficient investigation and prosecution of complicated cases. Phare provides servers for Police register of economic crime (part of central analytical system of the Police), I2 system for 40 units or agencies of the law enforcement and state administration, hardware for encryption and modems. Police provides facilities, computers, other equipment and communications. Instructors trained under 1998 project will train specialists and analysts from all involved institutions; the Czech side will cover all expenses. The project CZ 2000-07-03 Fight against proceeds from money laundering (together with Ministry of Finance and Ministry of Justice) has been designed to provide district level, where basic police investigation is conducted, and special police tasks units, with criminal intelligence analysis tool - I2 system. This will allow to include this level
into register of economic crime and central analytical system in future. Financial Analytical Unit and Supreme State Prosecutor Office will receive computer equipment and special software to improve their capabilities.

3.3. Results:

- Staff trained in combating corruption and economic crime by updating old and providing new technologies, equipment and training of police detectives, investigators and analysts and the specialists of all other involved institutions, in particular Financial Analytical Unit and State Prosecutors.
- Implemented overall strategy on combating corruption and economic crime by the way of improved quality of co-operation, information exchange, esp. between the Police Service for Combating Corruption and Major Economic Crime (SPOK) and the Bureau of Investigation (BoI) and the other involved institutions, and training on priorities following the overall strategy in line with the Governmental Programme on the Fight against Corruption.
- Lower average length of investigation of cases of corruption and major economic crime, evaluation based on analytical study at the beginning and at the end of the project.

3.4. Activities:

a) **Twinning package** (1 000 000 EUR) contains:

   **Contract 1**

   • **pre-accession advisor** for 24 months, the PAA will be responsible for implementation of the project and he/she has to fulfil following conditions:
     - working language English, ability to organise all project activities
     - long-term experience in investigation/prosecution of corruption and economic crime
     - good knowledge of police structures of the EU MSs
     - experience with international police or judicial co-operation, practice with bodies of the European Union
     - good knowledge of European standards and acquis communautaire
     - ability to manage and deliver consultations, analytical studies and lectures about included topics

   • **short-term experts** to deliver courses, seminars and workshops in the Czech Republic, approximately 2-3 experts in duration 1-2 weeks for each activity, on following topics:
     - use of new technologies in police investigation and prosecution
     - European standards of evidence in the area of corruption and economic crime
     - collection of evidences, identification of suspicious financial operations and co-ordination between collection inspection stage, investigation, prosecution, judgement and enforcement
     - international law, police and judicial co-operation on cases with international aspects
     - criminal intelligence and investigative techniques in corruption and economic crime area
     - financial investigations, illegal transfers of assets, off-shore banking
     - undercover operations in investigation of corruption and major economic crimes
- police criminal analysis, training of instructors
- seizure of proceeds from economic crime (freezing assets, confiscation etc.)

• **study visits**, seminars, courses and on-the-job training in relevant EU Member State’s police and other law enforcement institutions and EU bodies (Europol, International Court in Hague etc.), special terminology language training, special detective and investigative training for fighting corruption and economic crime, work experience placements, with focus on all above mentioned topics.

*Training* should be aimed at detectives, investigators and police analysts (approximately 80 and 80 and 20 respectively) mainly. The detectives, investigators and analysts will be trained together, including new units of investigation of corruption and serious economic crime. Short-term study visits (2-3 weeks) should be designed for combined groups of Czech specialists without knowledge of English, with interpreters. Training-on-the-job and work placements will be dedicated for Czech experts with sufficient knowledge of English or German language (4-8 weeks, combination of special courses and training-on-the-job).

Specialists from other state administration and law enforcement bodies will participate in the common training activities (approximately 75):
- Ministry of Justice, State Prosecutor Office, special branch for corruption and serious economic crime
- Ministry of Finance, Financial Analytical Unit
- Ministry of Finance, General Directorate of Customs
- Ministry of Finance, Central Financial and Tax Directorate
- Securities Commission
- Czech National Bank
- Bank Association
- Security Information Service
(20 prosecutors, 20 financial analysts, 10 customs, 5 specialist from each other unit)

b) **Investment package** (1 200 000 EUR) contains supply of computers, special technology and software equipment, there will be 1 or more tenders (contract/s 2) and envisaged 1 direct agreement for I2 equipment (contract 3):

**Contract/s 2** (980 000 EUR)

• technical equipment and special software for automated scanning, indexing and storage of numbers and pictures of bank notes, used for controlled deliveries and bribes, seized proceeds from crime, cash from criminal activities, include printing protocols for investigation files (3),

• technical equipment and special software for standard scanning, indexing and storage of pictures of false, counterfeited, changed or in other way not valid non-money payment instruments (cheques, shares, deposit certificates, loan confirmations, bills of exchange etc.), seized during investigation, include printing protocols for investigation files (2),

• technical equipment and special software for automated scanning of large documents and files, their indexing and transformation into text files, loading into full-text databases, automated searching, marking and indexing of entities and links between them (2),

• special software for evaluation and analysis of telephone connections, include SMS, e-mail, fax and internet transmissions (3),

• special software translators from English and German to Czech language
reinforcement of equipment for 7 regional units of SPOK existing at present - 7 servers and 7 UPS (to replace inadequate and old ones), 40 computers (for new staff), 14 notebooks (for working in the field), 7 network printers, 14 movable printers, 7 digital cameras for the taking of photos to be put into electronic systems (documents, places, suspects, photographs) (all computers include MS Windows, Office, servers include MS Server systems or equivalent),

reinforcement equipment for SPOK central unit - 1 server, 1 UPS, 1 network printer, 1 plotter (to replace inadequate and old ones) (including MS Server systems or equivalent). For training purposes (the central unit runs regular courses on criminal intelligence analysis, corruption and economic crime): 1 smart rear project booth, 1 data projector, equipment for simultaneous interpretation - 30 participants (microphones, headphones, transmission unit, receivers, loudspeakers etc),

equipment for 6 new regional units of SPOK - 6 servers and 6 UPS, 30 computers, 12 notebooks (for working in the field), 6 network printers, 12 movable printers, 6 digital cameras for the taking of photos to be put into electronic systems (documents, places, suspects, photographs) (all computers include MS Windows, Office, servers MS Server systems or equivalent in all cases)

equipment for 3 new units of Bureau of Investigation - approximately 100 new positions, therefore 100 new computers and 30 notebooks for when investigators are in the field; 3 servers and 3 backup servers (all computers include MS Windows, Office, servers MS Server systems, 1 Developer, 1 Visual Studio or equivalent in all cases), 6 UPS, 3 network printers, 1 plotter, 30 printers, 3 scanners, 3 digital cameras,

equipment for the Central Analytical Unit - 1 server, 1 UPS, 10 computers, 1 network printer, 1 plotter, 2 movable printers (all computers include MS Windows, Office, server MS Server systems or equivalent in all cases).

Contract 3  (220 000 EUR)

new version and program modules of I2 system (1 Developers Kit, 2 iTel, 36 Analyst's Notebook and iBaseUser). For I2 system a separate contract is planned - no other company produces this equipment, it will be procured via a direct agreement supply contract (please see previous purchases of I2 equipment under Phare 1998 and 1999).

The technical specifications and the justification and suitability of requested equipment will be confirmed and recommended by PAAs within projects Phare 1999 and Phare 2000, dealing with Economic Crime and Money Laundering.

4. Institutional Framework
The project will be implemented in the following units:

A. Main beneficiaries from the Police and Ministry of the Interior
1) The Service for Combating Corruption and Major Economic Crimes of the Police of Czech Republic (SPOK) is the only police service with nation-wide responsibility in that field, supervised by the Deputy Police President of the Czech Republic. A central unit is located in Prague and controls 7 regional departments and several detachments in selected district towns. During 2001 and 2002 new units are planned to be established due to the recent territorial reorganisation in the Czech Republic - 6 new regional departments. The Service closely co-operates with Service of Criminal Police and its specialised and regional units dealing with economic crime, other police units, intelligence services and other state institutions. The SPOK operates mostly on central
and regional level and the investigation is always co-ordinated with a central Bureau of Investigation and State Prosecutor Office, special branches for investigation and prosecution of corruption and serious economic crimes.

2) The Bureau of Investigation for the Czech Republic of the Police of the Czech Republic is a police body responsible to the Minister of Interior. The aim of the project is to emphasise mutual exchange of information among all bodies dealing with corruption and serious economic crime and its prevention, revealing, investigation and prosecution. It shall be achieved by implementation of the mentioned Strategy and building new structures. New departments were established at the Bureau of Investigation, focused on corruption and serious economic crime and investigative analysis. These departments were established in Prague, Brno and Ostrava (all of them are parts of the Bureau) and they will co-operate with regional Offices of Investigation (8 regional offices). Similar structures have been newly established at State Prosecutor Offices in Prague, Brno and Ostrava, they will prosecute the cases investigated by SPOK and the Bureau.

3) The Central Analytical Unit has been established at the Police Presidium of the Czech Republic, which will be responsible for building and development of the Central Analytical System of the Police of the Czech Republic.

B. Other involved financial and law enforcement agencies

Other financial and law enforcement agencies will participate in the project activities:

- Ministry of Justice, responsible for the training of judges and prosecutors in the area of corruption and economic crime
- State Prosecutor Office, special branches responsible for prosecution of corruption and major economic crime
- Ministry of Finance - Financial Analytical Unit, responsible for evaluation of disclosures about suspicious financial operations
- Ministry of Finance - General Directorate of Customs, responsible for combating an illegal transport of cash money into or out of the Czech Republic
- Ministry of Finance - Central Financial and Tax Directorate, responsible for revealing suspicions of financial frauds and tax evasion
- Securities Commission, responsible for revealing of suspicious operations on capital market and stock exchange
- Czech National Bank, responsible for supervision above financial institutions and banks
- Security Information Service, responsible for monitoring and revealing all threats which could undermine political or economical stability of the Czech Republic

All above-mentioned institutions will be asked to nominate their representative to working committee, which will be meeting approximately every 3 month, under supervision of project leader, to evaluate the progress of the project and to suggest next steps.

5. Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment Support</th>
<th>Institution Building</th>
<th>Total Phare</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
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<tr>
<td>contract 1 – twinning package</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
<td>1,00</td>
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<tr>
<td>contract/s 2 – supply contract/s</td>
<td>0,98</td>
<td>0,98</td>
<td>0,98</td>
<td>0,98</td>
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The contribution from the national budget for the twinning will be in form of provisions of offices, working environment etc.

**Co-financing from the national budget for the investment part will provide:**
- communications, internal data nets, encryption devices
- special technical and surveillance equipment

6. Implementation Arrangements

6.1. Implementing Agency
The CFCU is responsible for tendering, contracting and accounting. Responsibility for technical aspects related to preparation, implementation and control will rest with the beneficiary institutions (beneficiaries are the Service for Combating Corruption and Major Economic Crime, Police of the Czech Republic, and Bureau of Investigation for the Czech Republic, Ministry of Interior). The beneficiaries will become owners of the equipment and software after a project completion.

6.2. Twinning
Co-ordination is based at the Police of the Czech Republic, Service for Combating Corruption and Major Economic Crime, Mr. Pavel CINCÁR, tel. +420 2 61486298, fax +420 2 61486812, e-mail: odhal@mvcr.cz.

6.3. Non-standard aspects
The "Practical Guide to Phare, Ispa & Sapard contract procedures" shall be followed.

6.4. Contracts
- contract 1: 1,00 M€
- contract 2: 0,98 M€
- contract 3 - direct agreement: 0,22 M€

7. Implementation Schedule
7.1. Start of tendering: 2Q/2001 (twinning) 4Q/2001 (supplies)
7.2. Start of project activity: 2Q/2002
7.3. Project completion: 2Q/2004

8. Equal Opportunity
Equal opportunity principles and practises in ensuring equitable gender participation in the project will be guaranteed.

9. Environment: N/A

10. Rates of return: N/A
11. Investment criteria: N/A

12. Conditionality and sequencing
All parts are independent on each other so they can be carried out without a specific coordination, however there is a communication strategy for all partners via the Ministry of Interior. Detailed equipment supply will be provided later after approval the fiche because of a fast development in technologies.
Annexes to Project Fiche

1. Logframe Matrix
2. Detailed Implementation Chart
3. Cumulative Contracting and Disbursement Schedule for the Project
4. National Programme 2000, chapter 1.1.3
5. Governmental Programme of the Fight against Corruption
   (the updated version for year 2001 will be provided after it is released)
### Overall Objective

- The conditions established for the fulfilling of obligations of membership through the adjustment of administrative structures, so the EC legislation transposed into legislation is implemented effectively through appropriate administrative and judicial structures

### Project Purpose

- To strengthen the law enforcement institutions in the effective fight against corruption, fraud and serious economic crime
- To speed up the process of investigation of corruption and serious economic crime

### Results

- Staff trained in combating corruption and economic crime
- Implemented overall strategy on combating corruption and major economic crime by the way of improved quality of co-operation, information exchange, esp. between the Police Service for Combating Corruption and Major

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<table>
<thead>
<tr>
<th>Logframe Planing Matrix for</th>
<th>Programme number:</th>
<th>CZ01-07-06</th>
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<tbody>
<tr>
<td>Project: Improving the Fight against Corruption and Economic Crime</td>
<td>Contracting period expires:</td>
<td>31/10/2003</td>
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<tr>
<td></td>
<td>Disbursement period expires:</td>
<td>31/10/2004</td>
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<td>Total Budget:</td>
<td>2,6 M€</td>
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<td>Phare Budget:</td>
<td>2,2 M€</td>
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<tr>
<th><strong>Overall Objective</strong></th>
<th><strong>Objectively Verifiable Indicators</strong></th>
<th><strong>Sources of Verification</strong></th>
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<tr>
<td>• The conditions established for the fulfilling of obligations of membership through the adjustment of administrative structures, so the EC legislation transposed into legislation is implemented effectively through appropriate administrative and judicial structures</td>
<td>• Acknowledgement by the EC</td>
<td>• EC Regular Report</td>
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<table>
<thead>
<tr>
<th><strong>Project Purpose</strong></th>
<th><strong>Objectively Verifiable Indicators</strong></th>
<th><strong>Sources of Verification</strong></th>
<th><strong>Assumptions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• To strengthen the law enforcement institutions in the effective fight against corruption, fraud and serious economic crime</td>
<td>• Improvement of standards in specialist investigative fields</td>
<td>• ENFSI Working Groups and Committees Reports</td>
<td>• Adequate funding for all needs</td>
</tr>
<tr>
<td>• To speed up the process of investigation of corruption and serious economic crime</td>
<td>• Up-grading of technical and special equipment</td>
<td>• Ministerial and Phare evaluation reports</td>
<td>• Fulfilling other Copenhagen criteria</td>
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<td>• Well-trained staff in top level of the criminal investigation and prosecution</td>
<td>• Report on the Security Situation in the Czech Republic</td>
<td>• Legislation harmonised with the acquis communautaire</td>
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<td>• Faster communication in police systems with increased value of information</td>
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<td>• Lower average length of investigation of cases of corruption and economic crime, evaluation based on analytical studies conducted at the beginning and at the end of the project</td>
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<tr>
<th><strong>Results</strong></th>
<th><strong>Objectively Verifiable Indicators</strong></th>
<th><strong>Sources of Verification</strong></th>
<th><strong>Assumptions</strong></th>
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</thead>
<tbody>
<tr>
<td>• At least 180 detectives, investigators and analysts trained in combating corruption and economic crime</td>
<td>• At least 75 specialists from other involved institutions trained in areas connected with investigation and prosecution of corruption and major economic crime</td>
<td>• ENFSI Working Groups and Committees Reports</td>
<td>• Implementation of previous Phare projects concerning economic crime and money laundering (CZ 9810-02, 9904-0101, 2000-0703)</td>
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<td>• Evaluation vs. Project Fiche</td>
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<td>• Annual crime statistics</td>
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<td>• Fulfilled Conception on a Fight against Organised Crime</td>
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<td>• NPAA</td>
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Economic Crime (SPOK) and the Bureau of Investigation (BoI) and training on priorities following the overall strategy in line with the Governmental Programme on the Fight against Corruption

- Lower average length of investigation of cases of corruption and economic crime

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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</table>
| 1) Training for detectives, investigators and police analysts (approximately 80 and 80 and 20 respectively) and for specialists from other involved institutions (approximately 70) provided by PAA | It is envisaged that the project will be implemented by means of 1 twinning covenant, 1 or more tenders and 1 direct agreement for 12 equipment:
- **contract 1 – Twinning** - 1,000,000 EUR:
  - 1 pre-accession advisor for 24 months who should have approximately 10 years of experience in combating corruption and economic crime
  - short term experts for providing seminars, courses
  - study visits, on-the-job training
- **contract/s 2 – 980,000 EUR**
  - 1 or more supply tenders comprising several lots and resulting in a number of contracts. In the case that it is deemed undesirable to run one tender since this may lead to companies not submitting offers for certain lots, this part of the project may be tendered through 2 or more tenders
  - technical equipment and special software for automated scanning, indexing and storage of numbers and pictures of banknote, used for controlled deliveries and bribes, seized proceeds from crime, cash from criminal activities, include printing protocols for investigation files (SPOK, BoI, Central Analytical Unit - CAU)
  - technical equipment and special software for standard scanning, indexing and storage of pictures of false, counterfeited, changed or in other way not valid non-money payment instruments | - Developed co-operation with the advisors from the previous Phare projects CZ 9810-02, CZ 9904-0101, CZ 2000-0703
- Clear and implemented overall Strategy on Combating Corruption and Major Economic Crime
- Information exchange between Bureau of Investigation and police units
- Political support
- Czech co-financing - communications, internal data nets, encryption devices, special technical and surveillance equipment - 400,000 EUR
<table>
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<tr>
<th>2) Procurement of technical equipment for improvement of the co-operation and information exchange between the Police Service for Combating Corruption and Major Economic Crime (SPOK), the Bureau of Investigation (BoI) and other financial institutions to enable implementation of overall strategy on combating corruption and major economic crime</th>
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<tr>
<td>(cheques, shares, deposit certificates, loan confirmations, bills of exchange etc.), seized during investigation, include printing protocols for investigation files (2) (SPOK, CAU)</td>
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<tr>
<td>technical equipment and special software for automated scanning of large documents and files, their indexing and transformation into text files, loading into full-text databases, automated searching, marking and indexing of entities and links between them (2) (SPOK, CAU)</td>
</tr>
<tr>
<td>special software for evaluation and analysis of telephone connections, include SMS, e-mail, fax and internet transmissions (3) (SPOK, BoI, CAU)</td>
</tr>
<tr>
<td>special software translators from English and German to Czech language (AVENTINUS), modules for syntactic transposition of identification items of databases (for linking with Europol) (3) (SPOK, BoI, CAU)</td>
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<tr>
<td>reinforcement of equipment for 7 regional units of SPOK existing at present - 7 servers and 7 UPS (to replace inadequate and old ones), 40 computers (for new staff), 14 notebooks (for working in the field), 7 network printers, 14 movable printers, 7 digital cameras for the taking of photos to be put into electronic systems (documents, places, suspects, photographs) (all computers include MS Windows, MS Office, servers MS Server systems or equivalent in all cases)</td>
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</tbody>
</table>
| reinforcement of equipment for SPOK central unit - 1 server, 1 UPS, 1 network printer, 1 plotter (to replace inadequate and old ones) (including MS Server systems or equivalent). For training purposes (the central unit runs regular courses on criminal intelligence analysis, corruption and economic crime): 1 smart rear project booth, 1 data projector, equipment for simultaneous interpretation - 30 participants (microphones,
headphones, transmission unit, receivers etc) 
- equipment for 6 new regional units of SPOK (see preconditions) - 6 servers and 6 UPS, 30 computers, 12 notebooks (for working in the field), 6 network printers, 12 movable printers, 6 digital cameras for the taking of photos to be put into electronic systems (documents, places, suspects, photographs) (all computers include MS Windows, MS Office, servers MS Server systems or equivalent in all cases) 
- equipment for 3 new units of BoI (see preconditions) - approximately 100 new positions, therefore 100 new computers and 30 notebooks for when investigators are in the field; 3 servers and 3 backup servers (all computers include MS Windows, MS Office, servers MS Server systems, 1 Developer, 1 Visual Studio or equivalent in all cases), 6 UPS, 3 network printers, 1 plotter, 30 printers, 3 scanners, 3 digital cameras 
- equipment for the CAU (see preconditions below) 
  - 1 server, 1 UPS, 10 computers, 1 network printer, 1 plotter, 2 movable printers (all computers include MS Windows, MS Office, server MS Server systems or equivalent in all cases)

- **contract 3** – 220,000 EUR  
- **supply of equipment**  
- new version and program modules of I2 system (1 Developers Kit, 2 iTel, 36 Analyst's Notebook and iBaseUser) (SPOK, BoI, CAU) 
- I2 equipment must be purchased from a particular company since no other produces it, will be procured via a direct agreement supply contract (please see previous purchases of I2 equipment under Phare 1998 and 1999).

Total for equipment: 1,200,000 EUR
Preconditions

- The Government of the Czech Republic approved the **updated Strategy on Combating Organised Crime** on 23 October 2000 (resolution No. 1044). This version follows the versions 1996 and 1997 and describes mainly the current situation in the CR, ways of combating organised crime abroad and sets task for ministries. This strategy builds up a framework for the fight against organised crime in general in the light of continuous evaluation of the situation and knowledge of other strategies concerning combating crime. The Governmental Programme of the fight against corruption was approved on 17th February 1999. It systematically covers legislative and organisational measures to combat corruption. The Programme is being updated every year by the end of February.

- The overall Strategy presents an opinion on corruption and major economic crime, which can not be viewed as a single and specific problem but a complex approach in a society. Strategic analyses of the problem of economic crime are included in the previous Phare projects, mainly CZ2000-07-03 Strengthening the Fight against the Proceeds from Money Laundering, CZ9904-01-01 Fight Against Economic Crime. A twinner coming to the Ministry of Finance as a part of the 2000-07-03 project shall concentrate on the strategic aims, development of systematic and structural approach. The police units and departments of different ministries and state bodies have to co-operate on the basis of their given responsibilities. An overall conception shall be designed following the approved Strategy, focused on corruption, serious economic and financial crime, and seizure of the proceeds from crime.

- The organisations involved will be:
  
  **A. Main beneficiaries from the Police and Ministry of the Interior**
  1) the Service for Combating Corruption and Major Economic Crime also known as SPOK in Czech. At present the service has 7 regional branches and HQ in Prague but these centres will receive more staff in 2001 and 2002. The centres also have old and inadequate equipment for handling the data which it is anticipated they will have to deal with in future. In addition during 2002 new centres will be established due to the recent territorial reorganisation in the Czech Republic - 6 new regional branches,
  2) the Bureau of Investigation (BoI) which has established three new centres to investigate corruption, serious economic and organised crime, located in Prague, Brno and Ostrava,
  3) the new Central Analytical Unit (CAU) to be established under the Police Presidium of the Czech Republic, which will be responsible for building and development of the Central Analytical System of the Police of the Czech Republic.

  **B. Other involved financial and law enforcement agencies**

- All above-mentioned institutions will be asked to nominate their representative to working committee, which will be meeting approximately every 3 month, under supervision of project leader, to evaluate the progress of the project and to suggest next steps.

- All equipment will go to one or more of the main beneficiaries. All training will go to staff linked to one or more of all above-mentioned institutions.
### Annex 2

**Detailed Implementation Chart for the Project**

**Improving the Fight against Corruption and Economic Crime**

<table>
<thead>
<tr>
<th>Detailed Project Implementation</th>
<th>Year</th>
<th>Month</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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Date of drafting: 22. 2. 2001

Project fiche CZ01-07-06
### Cumulative Quarterly Contracting Schedule (M€)

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### Cumulative Quarterly Disbursement Schedule (M€)

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<td>2.10</td>
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<td>-</td>
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National Programme 2000

1.1.3 Anti-Corruption Measures

1.1.3.1 Current Situation

The current Government of the Czech Republic is the first Czech Government whose Programme Declaration tackles the fact that the number of cases of suspected corruption is increasing and that corruption as a social phenomenon poses a significant security risk. The Government endorsed its anti-corruption campaign programme by its Resolution No. 125 of 17 February 1999; in February 2000, the Government was submitted a „Report on New Measures and Activities in Combating Corruption (and Other Serious Economic Crimes and Organised Crime) Abroad„, which provides an insight into the development of anti-corruption activities at the intergovernmental level and on possible uses of some of the methods described therein in the Czech Republic. Issue of corruption is also dealt with in the „Report on the Public Order and Internal Security Situation in the Territory of the Czech Republic in 1999 (as compared with 1998)„. According to this material the broader term „corruption„, comprises criminal acts such as abuse of public office, acceptance of a bribe, bribery, violation or breach of duties when managing or administering someone else’s property, abuse of information in business relations, violation or breach of binding rules and regulations governing economic relations, but also unjustified benefits acquired in connection with a public office, protectionism etc. General conceptual guidelines are further elaborated in detail in specific documents of individual Ministries. Thus, for example, the Ministry of the Interior has drafted an anti-corruption programme for Policemen, the Ministry of Finance has prepared a similar document for customs officers etc.

As part of the Government Programme Declaration, a timetable of steps to be taken was also approved. These steps and measures have been carried out on an ongoing basis and their progress regularly evaluated.


The Parliament has been submitted a new draft Act on Financial Control in Public Administration; as soon as it is adopted, financial control can be expected to improve.

By its Resolution No. 70 of 17 January 2000, the Government approved an amendment to Act No. 424/1991 Coll., on Association in Political Parties and Political Movements, which was also subsequently approved by the Chamber of Deputies on 25 May 2000. The purpose of the amendment referred to is to make the funding and financial management of political parties and movements more transparent and credible. Drawing from experience acquired so far, the amended Act:

- introduces a new set of regulations pertaining financial donations to political parties and movements over CZK 25,000 from a single donor in a calendar year; such donations are now possible only under a donation agreement in the form of a donation voucher;
- provides for a more detailed list of subjects from which political parties and movements must not accept any donation whatsoever (inter alia also from foreign legal persons and natural persons who are not citizens/nationals of the Czech Republic);
• introduces a limit of financial donations which a political party or movement may accept, namely CZK 40 million a year;
• introduces an obligation of a political party or movement to surrender any financial donation obtained illegally, as well as sanctions for non-compliance;
• introduces an obligation of a political party or movement to publish all donors irrespective of how much they have donated;

As to the donation vouchers referred to above, the Government’s draft amendment to the Act anticipates they will be printed by the Ministry of Finance and distributed to political parties and movements through Financial Directorates. Details regarding technical particulars of the donation vouchers, as well as specimens thereof will be set forth in an decree to be published by the Ministry of Finance.

The amendment to the Income Tax Act stipulates that bribes must not be deducted from the tax basis. Apart from stricter sanctions, the amended Accounting Act forbids independent accounting units to open accounts or make any entries outside regular accounting books and ledgers, and expressly stipulates an obligation to prepare an accounting document for every transaction made. The amended Auditors and Chamber of Auditors Act expressly states that the auditor is obliged to notify the management and audit supervisory body of any company being audited of any indications of bribery which he or she may come across or identify in the course of the audit.

The Ministry of Finance is currently preparing a legislative intention of the Act on Tax Administration Authorities. The purpose of the Tax Administration Act was to streamline the administration of taxes and customs duties and make it more efficient, to bring about organisational changes in the administration and management of these public incomes and public financial support (subsidies, repayable financial assistance etc.), and to provide prerequisites for a transition toward a Tax and Revenue Office as an independent state administration authority. In the autumn of 1999, the specifications of the tasks were modified, the objective of the modifications being to lay the groundwork for a joint independent tax and customs administration authority as an independent state administration body; the newly established independent body will deal predominantly in exercising the administration of taxes and customs duties.

The draft amendment to Act No. 337/1992 Coll., on the Administration of Taxes and Duties, submitted to the Czech Government in May 2000, includes a provision which will permit information to be provided to the Financial and Analytical Unit: “If required, tax administrators shall provide data acquired in the course of tax administration to the appropriate organisational unit of the Ministry of Finance which requests it under Act No. 61/1996 Coll., on Certain Measures against the Legalisation of Proceeds from Crime (Anti-Laundering Act)...”

Insofar as the anti-corruption campaign in the customs administration is concerned, one of the measures consists in establishing a hot line for corruption victims which has so far received 29 reports, of which 8 are being investigated. The Ministry of the Interior has also opened such a hot line (additional contact lines of this type are operated, for example, by the Ministry of Education, Ministry of Finance etc.) which has received approximately 60 reports on cases of corruption allegedly perpetrated by the Police of the Czech Republic, 12 of which could be deemed to constitute a criminal act of corruption (disguising frauds involving stolen vehicles, accepting bribes in the course of traffic violation proceedings, driving license tests etc.). A first version of a manual for citizens has been prepared, containing instructions how to defend oneself against acts of corruption. The manual has been sent to all District Offices where it is distributed free of charge to citizens. The Ministry of the Interior will use the feedback from people to update the manual. Also, a special e-mail address/web site has been opened for the purpose of a discussion between state authorities and the public regarding the best available system measures and means to fight corruption.
There is an intensive ongoing co-operation between state administration authorities and non-governmental organisations active in this field, particularly with Transparency International. In 1999, ten seminars, conferences or workshops were held, attended by representatives of both the general public and state administration bodies. These events were dedicated to analysing the phenomenon of corruption in the Czech Republic, comparing it with foreign experience, and to discussing potential solutions.

An anti-corruption educational programme was launched for state administration authorities. Three nation-wide training courses for top-level public servants took place, which presented model anti-corruption models developed by various institutions (Police, customs).

Since the beginning of 1999, the Police of the Czech Republic have demonstrated an increasing success rate when detecting and solving cases of economic crime and corruption. Compared to 1998, the number of economic crimes detected by the Police rose by almost 20%. In 1999, the number of such cases was 42,907, a year-on-year increase of 7,000. The number must be viewed positively, as a higher number of detected economic crimes, which are sort of less conspicuous and more disguised by their nature, always means better Police work and a social climate favouring the economic crime detection. At the same time, the economic crime solution rate in 1999 was as high as 95%, which means that 40,690 economic crimes were solved and their perpetrators identified. Similarly, the Police registered an increased number of detected corruption-related crimes, especially abuse of public office (403, i.e. 38 more than in 1998) or acceptance of a bribe (55, i.e. 6 more than in 1998).

As the progress in matters submitted by the Co-ordination Analytical Group (CAG) of the Committee for the Protection of Economic Interests (CPEI) to the Supreme State Prosecutor’s Office or State Prosecutors of jurisdiction was slow, the Government has abolished the Co-ordination Analytical Group, claiming that its role will be taken by the Supreme State Prosecutor’s Office.

The Regional Court of Commerce in Prague has launched its own anti-corruption programme to prevent complaints against unjustified preferential treatment (e.g. issue of rulings in a shorter-than-usual period of time) offered for a bribe. The programme is based on personal contacts between judges and applicants (e.g. those who want to incorporate a new company or make changes in an existing entry in the Register of Companies). Judges are assigned cases at random, on the basis of a computer algorithm. If an applicant wants to meet the judge who has been assigned his or her case, such a meeting invariably takes place in the presence of a court warden. Courts outside Prague claim there is no rife corruption in regions; however, lawyers prefer and support the Prague system which, being anonymous, eliminates corruption.

The Ministry of Justice has recently established a special anti-corruption inspection squad to reveal cases of corruption. The team of inspectors is working on several dozens of cases at the moment (as the Inspection Squad has only been active for a short period of time, none of the cases has been completed yet).

As of 29 February 2000, the Czech National Bank submitted 16 legal complaints and two legal proposals to the Police Service for Revealing Corruption and Major Economic Crime. None of the complaints has yet made its way to the court, as the investigation of complex financial transactions takes a long time and Police investigators have not accumulated enough professional experience in this field yet.

The Ministry of the Interior participates in the „Combat against Economic Crime,“ project (No. CZ 9904-01) of the Czech Republic’s National Phare Programme, in respect of which a signature of a twinning covenant is currently being prepared. The partner organisation in the project which is expected to contribute to a more efficient combat against economic crime (taking place in financial or capital markets, against corruption and fraud connected with misuse of funds and donations, money laundering, illegal property transfers, fraud involving non-cash payment instruments etc.) is the Ministry of the Interior of Baden-Württenberg, in
co-operation with the Dutch Ministry of Justice and short-assignment experts from other EU countries, who will train policemen in the Czech Republic.

1.1.3.2 Short Term Priorities

- To submit draft amendment to the Act on the Police of the Czech Republic to the Government (expected to enter into force on 1 April 2001);
- To submit to the Government a draft Act on a Special Protection of Witnesses and Other Persons in Connection with Criminal Proceedings (expected to enter into force on 1 July 2001);
- To carry on with the tasks laid down in the Government’s Anti-Corruption Programme; in this respect, the Government will focus on defending and justifying its legislative proposals already submitted to the Parliament. Once approved by the Parliament, the Government will make sure they are implemented in a way consistent with their intended purpose;
- To co-operate with non-governmental organisations involved in combating corruption, e.g. Transparency International;
- To support the inclusion of anti-corruption lectures into curricula of schools at every level;
- To emphasise, as part of the ongoing reform of administrative proceedings and administrative sanctions, the maximum possible transparency of the proceedings; where the decision-making process gives room for using one’s own judgement, the ruling should contain a mandatory description of all administrative procedures involved or made use of in the course of the process; at the same time, consideration should be given to establish a system of priorities within different administrative procedures, which would be based on the relevant fee required by the law; where practicable, expressly stated deadlines should be set;
- To carry on with the nation-wide programme of training courses for state administration personnel, which will focus on the prevention of corruption;
- To prepare a full wording draft Act on Tax Administration Offices and submit it to the Czech Government by December 2000 (in accordance with Resolution of the Government No. 1350 of 22 December 1999 - the responsible institution is the Ministry of Finance);
- To provide organisational prerequisites for a nation-wide introduction and implementation of a non-cash system of payments (mandatory for the collection of fines, optional with respect to the payment of service wages and salaries to Police officers) - by 30 December 2000;
- To review the current system used to evaluate the work of Police officers, which has been based on quantitative criteria only (the so-called „tick-off„ system); to prepare, in line with the comprehensive approach toward issues of human resources management, as laid down in Phare CZ 98/IB/JH/02 - 1 project („Comprehensive System for Human Resources Management for the Czech Police / Professional Training Programme for Members of the Police and Ministry of the Interior Staff„), a draft of a new performance evaluation system consistent with EU standards, to develop career advancement regulations and a set of rules governing the remuneration and promotion of Police officers, and to incorporate both into the new Service Act (by 31 December 2000).
1.1.3.3 Medium Term Priorities

To complete the process of modifying and amending the substantial and procedural criminal law so that obligations arising from the acquis in the field of corruption and from other bribery- and corruption-related EU Council and OECD agreements and conventions are complied with.

Implementation of the Government’s Anti-Corruption Programme

- To prepare an analysis of possibilities of establishing a contact and consulting centre for corruption victims, to establish such a centre and make sure it is given adequate media coverage (by 31 December 2000);
- To monitor measures against corruption and other serious economic crimes taken abroad and to submit a comprehensive annual report on new activities and measures in this field (deadline: every year by 28 February);
- To support all forms of scientific research dealing with corruption; to conduct surveys on a regular basis to allow a chronological comparison of data; to publish results of the surveys and promote independent journalistic and documentary activities revealing cases of corruption (deadline: to be implemented continuously);
- To update the current anti-corruption plan and evaluate its results achieved so far.

1.1.3.4 Institution Building Needs

The Czech Government, by its Resolution No. 810 of 28 July 1999, decided to further increase and reinforce the personnel of the nation-wide Police departments, including the Police Service for Revealing of Corruption and Major Economic Crimes (PSRC) as of 1 January 2000. On 13 October 1999, the Minister of the Interior decided to assign specialised investigators to the PSRC, with an aim to ensure co-ordination with investigation units; the measure is expected to accelerate the investigation of these criminal activities.

The Government has set as one of its top priorities a restructuring of Police units involved in the combat against corruption and economic crime. The Police will include specialised squads with a nation-wide jurisdiction, which will be authorised to reveal and investigate cases of corruption and financial crime.

1.1.3.5 Financial Needs

The overall costs of the Ministry of the Interior’s tasks stipulated in the Government’s Anti-Corruption Programme will amount to CZK 7.5 million in 2001 and CZK 7.5 million in 2002. The costs of reinforcing the personnel of the Anti-Corruption Service are estimated at approximately CZK 12.6 million a year.

The Phare 1999 Programme includes, inter alia, a project called „Strengthening the Operation of Law Enforcement and the Judiciary„, which comprises a sub-project (CZ 9904–01–01) named „Combat against Economic Crime„, with a budget of 1 MEUR.

The strengthening reform of Police units oriented to combating corruption and economic crime will also require additional expenditures.
### 1.1.3.6 List of Legislative Tasks

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<thead>
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<th>Responsible body</th>
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<td>MI</td>
<td>To prepare an Act on Special Witness Protection in Connection with Criminal Proceedings</td>
<td>30.6 2000</td>
<td>6.  2001</td>
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<td>MI</td>
<td>To prepare a draft Act on Administrative Proceedings (Administrative Procedural Code)</td>
<td>By the end of 2000</td>
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<td>MF</td>
<td>To prepare a full wording draft Act on Tax Administration Offices</td>
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### 1.1.3.7 List of Non-Legislative Tasks

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<td>To participate in activities of non-governmental institutions involved in the combat against corruption</td>
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<tr>
<td>MI</td>
<td>To prepare an analysis of possibilities of establishing a contact and consulting centre for corruption victims, to establish such a centre and make sure it is given adequate media coverage</td>
<td>31.12. 2001</td>
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<tr>
<td>MI</td>
<td>To carry on with the nation-wide programme of training courses for state administration personnel, which will focus on the prevention of corruption</td>
<td>On-going</td>
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<tr>
<td>MI</td>
<td>To monitor measures against corruption and other serious economic crimes taken abroad and to submit a comprehensive annual report on new activities and measures in this field</td>
<td>Annually by 28 February (as to 2000, the deadline was met)</td>
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<tr>
<td>MI</td>
<td>To update the Government’s Anti-Corruption Programme</td>
<td>Annually by 28 February beginning in 2001</td>
</tr>
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<td>MI</td>
<td>To analyse conditions (including economic ones) of the „rotational,“ system for top-level Police management jobs</td>
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<tr>
<td>MI</td>
<td>To use the „rotational,“ system for certain jobs where the risk of corruption is particularly high, so that Police officers do not know, until the very last moment, anything about the task they will be assigned (border patrols, driving license test commissioners etc.)</td>
<td>On-going</td>
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<tr>
<td>Responsible body</td>
<td>Task</td>
<td>Deadline</td>
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<tr>
<td>MI</td>
<td>To support all forms of scientific research dealing with corruption; to conduct surveys on a regular basis to allow a chronological comparison of data; to publish results of the surveys and promote independent journalistic and documentary activities revealing cases of corruption</td>
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<td>To review the current system used to evaluate the work of Police officers, which is based on quantitative criteria only (the so-called „tick-off„ system); to prepare, in line with the comprehensive approach toward issues of human resources management, as laid down in PHARE CZ 98/IB/JH/02 - 1 project („Comprehensive System for Human Resources Management for the Czech Police / Professional Training Programme for Members of the Police and Ministry of the Interior Staff„), the draft of a new performance evaluation system consistent with EU standards, to develop career advancement regulations and a set of rules governing the remuneration and promotion of Police officers, and to incorporate both into the new Service Act</td>
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<td>MI</td>
<td>To provide organisational prerequisites for a nationwide introduction and implementation of a non-cash system of payments (mandatory for the collection of fines, optionally with respect to the payment of service wages and salaries to Police officers)</td>
<td>30.12. 2000</td>
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Annex 5

Annex to the Government decision No. 125/99
adopted on 17 February 1999

In its decision No. 673 dated 29 October 1997 the Government charged the Minister of Interior to "develop a concept of offensive methods for detecting corruption in civil service". The new Government of the Czech Republic that was formed after the June 1998 general elections defined the combat against corruption as one of its priorities. Therefore, the original task of the former Government was extended and a complex concept of a Government Programme of Combating Corruption in the Czech Republic was developed. The annexed material also is also a fulfilment of the obligation of the Czech Republic accepted in the Pre-Accession Agreement on combating organised crime under which the signatories are obliged to develop their own (national) programme for combating corruption. The Government Programme of Combating Corruption (hereinafter "Programme") is accompanied by a Report on Corruption in the Czech Republic (hereinafter "Report"). It briefly describes some findings on corruption in the Czech Republic, some foreign experience gained in combating corruption, and the legislation in force in the Czech Republic that is applicable in combating corruption proposed in the Programme.

The goal of the Programme is to describe the nature of combating corruption and its objectives, define its principal methods and means, propose specific measures to be taken in individual walks of life, define who is in charge and a time schedule, and indicate the method of monitoring. The Program characterises new and on-going measures taken by the Czech Government in its anti-corruption efforts.

The Czech Government is aware of the fact that corruption flourishes in an environment where the party offering a bribe has a real chance to gain a profit which is not directly related to the value or official price offered in the bid and in this way affect the negotiations. On the other side, the bribed party gains personal profit unrelated to the value or official price. Since the beginning of the privatisation this situation practically prevails in this country and the civil servants and elected representatives who are targeted by the draft Programme have "only" multiplied its impact by an effort to grab something from the property they have been de facto authorised to distribute. As long as this situation prevails no measures can reduce the high level of corruption in all places that in any way affect it. Better results in combating corruption can only be achieved by changing the business and general social climate. And it is the major objective of the Government.

The Government is aware that the concept of anti-corruption measures must be systematically linked with measures dealing with other social problems. The Government realises that combating corruption should be conducted in an organised way with the aim to prevent the origin if any new sources of corruption. No abrupt solutions should be taken because they could be counterproductive, may threaten the economy or civil rights and freedoms instead of curbing corruption. Therefore, the Government explicitly says that before the application of legislative or organisational measures that are being considered it will make a thorough analysis of their potential impacts. The anti-corruption efforts will, of course, respect the
presumption of innocence. The application of anti-corruption measures should not create an atmosphere of settling personal accounts or ill will.

As for the priorities in combating corruption the Government plans to focus on corruption in the public sector. The Government is disturbed by the corruption among top civil service officials, judges, state attorneys, policemen, customs officers, officials collecting taxes, and state control institutions. Such corruption is most dangerous for stability of the country and could impede an effective procedure against other forms of corruption and illegal activities in general. The Government is strongly resolved to deal with corruption in private sector and it does not wish to tolerate it. It considers it to be dangerous especially in cases when it affects the functioning of the public sector or if it has a major national impact (e.g. in banking, education, health service, media). The Government does not have an ambition to achieve a "final solution" in its combat against corruption. It is aware that a certain level of corruption is an inseparable part of relations between people in all societies since the time immemorial. It is aware that some forms of corruption will be hard to prove. It will, however, spare no efforts to limit the corruption in the country, among other things, by principal limiting the opportunities for corruption and make such a conduct to costly, with no advantage, and dangerous.

The Government does not plan to set up new institutions or adopt new regulations. It does not wish to focus on repression only. It wants to use the existing norms and institutions and the potential of the Czech civil society. If an adoption of new legislation and establishment of new institutions would become necessary the Government shall mostly propose the respective measures that would represent a minimum or new receivable from the state budget. In the medium-term horizon, potential higher demands on some of the measures must be balanced by a higher foreign-policy credit to our country and a smoother operation of the respective institutions. In addition, all measures can be applied in a cost-saving model and the potential new institutions will not necessarily require new civil service staff. The new institutions may use the staff and material of the existing institutions after a thorough analysis of the existing institutions. Any new institution may be established only after a thorough analysis of its purpose, efficiency, and costs. The objective is to prevent an unjustified and ineffective growing of their numbers. Another principle is that the establishment of new institutions is less significant. Most important is for the new authorities to have the respective powers and to apply them. In this respect, the Government realises that even under the present legislation it is possible to improve the situation in combating corruption and is willing to do maximum for achieving better results in combating corruption and wishes to force the effected bodies to apply the available measures to maximum. Very significant is the co-ordination between the respective bodies, their methodological guidance, and on-going education of their staff.

The Government believes that to combating corruption is an issue for the whole nation and that when applying anti-corruption mechanisms a consensus of all honest citizens irrespective of their political beliefs is needed. For that reason the Government addresses all political parties, civic associations and individuals who are interested in looking for effective solutions in combating corruption and offering consultations and expert discussion. The Government is ready to open a space for debates on these issues, including the use of the various media and Internet. It also wishes to annually present a report on the corruption situation in the country both from the point of view of the government and from the point of view of the respective civil organisations (e.g. Transparency International) and other non-governmental entities. The Government is wishing to closely co-operate and communicate with the non-governmental organisations and to give them maximum support. In co-operation with them a manual has been developed on how to prevent corruption and corruption environment. The anti-corruption education should become an inseparable part of our civic education in elementary schools. This education must go beyond simple teaching in schools and include a complex and time-unlimited nourishing of the public sensitivity to corruption. This education should go beyond schools and take a form of a permanent and unlimited efforts to build anti-
corruption sentiments. In its contact and information centres the Government should provide an effective assistance to persons forced to corruption, e.g. foreigners without knowledge of the Czech legislation, members of ethnic minorities, and other persons exposed to corruption. Such centres do not have to run by the State but their activity should, at least, get some support of the State and get a medial exposure. The centres will have an obligation to provide consultations to persons who believe they have been treated not in compliance with the law or incorrectly, they advise what to do, where to turn. They should also assess the information provided by these persons and use it for future concepts. Any suspicion on incorrect procedures could become a reason for methodological or other recommendations to individual civil servants. In case of a suspected criminal act the information will be provided to the law enforcement bodies. The possibility to contact these bodies will be made public in several languages.

Very important is the international co-operation on individual corruption cases and on sharing of information on the effectiveness of approaches to corruption in general. In this respect the Government wishes to apply to maximum all experience of other countries and international organisations in its anti-corruption efforts.

The Government is aware that it is not possible to introduce any measures against corruption (or other severe criminal acts) which would not be supported by the existing legislation and that any action taken by the government should be substantiated by law. It also knows that any efforts to combat corruption should always be linked with the respect of human rights and freedoms as they are defined in the Constitution of the Czech Republic and the international agreements on human rights and liberties. The Government believes that combating corruption is a part of the effort to build a plurality society and a democratic state.

The most important in combating corruption is transparency of all operations allowing for monitoring by all auditing bodies, media, elected representatives and the general public itself. It is related to the necessity to guarantee free media, and continuous attention by politicians to law and order. The media and political opposition are one of the instruments of public control. As for the media and political opposition existence, the Government agrees strong support should be placed on competition to prevent monopolisation or oligarchisation. It is, therefore, necessary to defend, by all means, the principles of competition and freedom of speech. The general public, however, must not be eliminated from the control, because in corruption it is their assets that are being misused. In this respect the Government wants, within its possibilities, to speedily adopt the law on free access to information which is now debated in the Czech Parliament. The Government will consider the legislation on public tenders with the aim to arrange for maximum transparency of public tenders. The Government realises that the media freedom in a democratic society is substantiated by the transparency of the media themselves, otherwise it cannot be guaranteed. Most important are transparent property structures in the media.

One of the systematic measures of the Government that can help in combating corruption will be a law on civil service. This legislation should define the legal position of civil servants in ministries and other administrative bodies based on the Art. 79 of the Constitution of the Czech Republic. It should define higher responsibilities of civil servants including limits on their business or other income generating activities and their disciplinary liability. It should also define some advantages for civil servants including a reasonable income. The Government shall support debates on codes of ethics for individual groups of civil servants. The Government is also working on introducing the legal institute of an ombudsman.

The above mentioned civil service legislation must be followed by the organisational and personnel by-laws. In particular, the persons chosen for leading positions must pass a broadly publicised tender and they should meet strict professional and moral conditions. The work of a civil servant should be creative, conceptual, and respected by the public at large to make it attractive for people with the necessary qualities. The Government in its personnel policy
shall insist on appointing to top positions only professionals with moral integrity who will be able to apply adequate personnel policy in their field. In combating corruption relatively easy should be to set an example by all superiors including the top positioned persons to their subordinates both in their professional approach and moral profile to all their subordinates. Related to the above is a new legislation on handling the state property to be prepared in 1999. The new law should stipulate the procedure for acquiring and purloining of property by the State.

The Government believes it is necessary to create conditions for suppressing corruption and to introduce both general and special prevention. As a part of the planned amendments of the substantive penal law the Government, among others, reconsiders the possibility of for the broader definition of repentance conditions in bribery cases to allow for more frequent notification, and to find and sentence the offenders. It is, however, impossible to provide impunity to persons who offer a bribe with an aim to make harm. An expert debate will continue on the possibility of introducing penal liability in cases of non-notification or non-disruption of some forms of corruption offences. Such a measure could prevent the generation of a corruption mythology that should be faced in combating corruption. Needed are also adequate ways for making people feel free to notify cases of corruption to law enforcement bodies. Among others the Government will develop a draft regulation on the protection of witnesses and other persons taking part in the penal proceeding after the proceeding is over. The Government also believes that a measure allowing for prosecution of at least some forms of corruption outside the public interest affairs should be introduced. To that aim the present specification of unfair competition should be re-defined. The Government also believes that the private law could help in prosecuting corruption. It will, among other things, analyse the possibility to introduce active legitimiation of indictments for unfair competition of legal persons who represent the interest of competitors and consumers and the possibility to prosecute unfair competition with an impact abroad.

The police and other specialised bodies defined in Art. 12 of the Penal Procedure Code must get more qualified information from proceedings on offences listed in the law (including corruption offences) up to now protected by confidentiality clause. The existing legislation on providing information to the law enforcement bodies will, therefore, be reviewed in the process of amending the Penal Procedure Code and related regulations and in case their provisions set unjustified barriers between individual State institutions beyond what is usual abroad the Government will propose adequate amendments. It is also necessary to provide the tax authorities with enough legislative and other means to allow them to protect the State's fiscal interest, e.g. an explicit authorisation for them to require a documentation of the income origin. It should also be considered to what extent the tax authorities should have policing powers (the financial police). The financial authorities would also have a power to tax the property whose origin is not documented. Based on a court ruling the property that is clearly a gain from criminal activities can be forfeited by the State even now and it is up to the low enforcement bodies to provide adequate conditions for such rulings.

In future local tax authorities should act as independent institutions. They will, however, require a strategic management and methodological guidelines needed for a harmonised practice.

The Government believes that the present powers of the police for investigating offences, and not only corruption offences, are insufficient. In a newly drafted law on the Police of the Czech Republic, or in the Penal Procedure Code and related by-laws, the Government will propose to grant a power to the police force investigating corruption cases (and other similarly severe offences). In such cases they will be able to use offensive methods, such as planting a police agent, use of operative means, and screening investigation. In all such procedures there must be a court ruling, the only exceptions are cases that are urgent. Considered should also be the parliamentary control of all these means that should be combined with the ombudsman
activities. The police should have a legitimate power for collecting similar information as the Intelligence Service and tax authorities. The Government believes that it is necessary to further extent the existing legal title to a bogus transfer of property to make it applicable on corruption and to newly link it with clearly specified court permission. Such police work must be defined in compliance with the Constitution of the Czech Republic. Same powers should be given to other specialised bodies listed in Art. 12 of the Penal Procedure Code if it have not happened yet. A thorough review should be done of the activities of the individual bodies involved in the documentation and investigation of corruption and economic crime and changes should be proposed in organisational, technical and legislative terms. The Government will attempt for a better co-operation between the police and other institutions (such as intelligence services, auditing institutions). It will also propose new legislation. The new police law is linked to changes in the amendments of the Penal Procedure Code that should be settled in a re-codification commission for penal legislation. The penal proceedings should allow for a quick and effective sentence in case of a clear offence. Modified and specified should be the launching of a prosecution, or the prosecution and evidence status of the evidence acquired before a prosecution of a specific person has been started. Much has to be done in defining the position of individual law enforcing bodies. Clear and simple should be the definition of investigating powers. In some cases (e.g. corruption and the offences committed by members of the police) it will be a state attorney who will conduct the investigation. The activity and responsibility of state attorneys should increase - they should become "masters of initial inquiry". Specialised state attorneys in regional offices should supervise the investigation of most severe corruption cases (and other severe criminal offences) and these attorneys may also conduct the investigation. In non-criminal cases the powers of the state attorney should be strongly enhanced. State attorney offices should get an authority to require a civil or administrative procedure or its review, to require a procedure in front of the Constitutional Court as defined in the legislation when a violation of or threat to a major social interest occurs.

In re-codifying the administrative procedures maximum deadlines for taking a decision should be defined for at least some of these procedures. A possibility of speeding up some administrative procedures for a higher fee will be considered. At the same time, internal controls should prevent the officials to take the deadline set by the law as the only time limit for dealing with the matter (i.e. they should deal with it without delay and not according to the set deadline).

The Government also plans to make the financing of political parties more transparent, and define conditions under that a political party may accept a gift from a legal or physical person. It supports stricter sanctions for not meeting these standards. Registered and identified must be all income of the party and all entities established by the party. It also insists on a precise definition of the immunity scope for members of parliament and some other public officials. The immunity of public officials should not protect them from liability in case of a committed criminal offence but to prevent any unjustified pressure by the executive against the legislative.

The Government will, among others as a consequence of adopting the civil service legislation, modify the legislation related to the protection of public interest against unacceptable conflicts of interest. One of the forms of such protection should be the duty of the physical persons defined in the law to submit a statement on their movable and immovable assets, and possibly also of legal persons where the defined physical person has a share. Such statements on assets should be submitted to an authority defined in the law and they should also identify the sources of income. False data in the statement or the failure to submit it should be penalised under the tax legislation. It should be up to the tax authority to verify the statements and any suspicion of an offence against the budget or related to that should be notified to the police. The statements should be submitted during the term of office and after it ends.
Considered should also be to provide in a law for their submitting for some time after the term of office ends. The Government realises it will have to deal with the issue of how to approach the assets in the form of shares or rights to intellectual property. The Government will launch the development of a State auditing mechanism together with defined bodies that will become its component part. Their scope of activity will be strictly defined. Already now the Government insists that the findings of the National Auditing Office should be analysed and the public informed about the correction of the faults within 60 days after their publication in the NAO Official Journal.

At the moment review is undergoing of the budgeting rules and the law on accounting. The Government plan to introduce the duty to pay sums exceeding CZK 500,000.00 by bank transfers. Such a measure would improve the transparency of payments between economic entities and, in case of need, would be more suitable for providing the necessary evidence to the law enforcing bodies. In addition, bogus payments would be made impossible. Before introducing this measure it will, however, be necessary to thoroughly analyse the Czech Republic banking sector and to define whether, when and how it will be technically capable to cope. Otherwise, in view of the present situation in payment discipline and open chains of secondary insolvency it could lead to problems in business relations. This measure should be accompanied by introducing cash registers. An alternative to compulsory bank transfers is the legislation introducing the recognition of cost items for tax purposes only when the money was bank transferred.

In drafting laws on combating corruption it is necessary to use proposals, recommendations and international conventions should be applied. First and foremost, we should sign the Agreement on Combating Corruption of Foreign Officials in Economic Relations and to meet the obligations under this Agreement (an amendment to the Criminal Code, law on auditors, law on government contracts, law on accounting).

Very important is the Government and persons acting on its behalf approach to the public. In this respect the Government will do its best to be open and inform the public about all aspects of the corruption causes under discussion and all measures taken. The Government is aware of the need for an open and public discussion on unjustified suspicions and undocumented filing against corruption. The principle of the presumption of innocence must be strictly respected.

A State information system shall become another principal aspect in the development of the anti-corruption measures. It should be built on the principle of the non-public sharing the data for the needs of the civil service. The access to the information will be provided only to institutions defined in the law. The State information system must arrange that the information already available in public institutions will not be required repeatedly. It will speed up, facilitate and improve the work of these institutions and reduce the time needed with dealing with the officials. To this aim the national information system must be as transparent as possible.

During the review of the existing legislation and drafting of the new one, the Government is prepared to define the sources of corruption. It is related to the non-existence of any control mechanisms, too the vague formulation of the civil law provisions, an excessive concentration on decision-making with no independent checks, inadequate court procedures on both the deadlines and substance of the affair, and the non-existence of sanctions for the abuse of power. It will also propose their immediate repeal. The individual ministries, within their power, shall check their organisational and technical potential to eliminate corruption. The individual deputy prime ministers will assess these measures and co-ordinate the combat against corruption according to the Government time-schedule. The Committee for Protecting Economic Interests will play a significant role in co-ordinating the combat against corruption. The time-schedule for measures in combating corruption

A. Legislative measures
1. In drafting the amendment of the penal code and an outline for police of the Czech Republic law to define the powers of the police in combating corruption and other severe economic offences and provide institutional support for combating corruption.
   Responsible officials: Minister of Justice, Minister of Interior
   Deadline: 30.6.1999

2. In drafting the outline of the law on the tax administration authorities and tax and fees administration law and possible other regulations the Ministry of Finance should:
   • provide for the tax administrators to become independent state bodies for levying the unpaid taxes or fees and for financial checks;
   • give the tax authorities a power to check the accuracy of the statements submitted by the persons defined in the law together with a general authorisation to acquire a statement on the origin of incomes from tax payers;
   • define the responsibility of tax administration authorities to notify any suspicious tax related offences and to co-operate in investigating such offences; they should also co-operate in investigating tax related offences in trial and in investigating severe offences and economic offences that may disrupt the economy;
   • consider the introduction of a special legislation to provide for a guaranteed position of the officials in district tax authorities and the Central Tax Directorate.
   Responsible officials: the Minister of Finance
   Deadline: 30.6.2000

3. To consider the following ideas during the re-codification of private law:
   • Introducing the active legitimation of indictments for corruption and unfair competition on the part of legal persons defending the interests of competitors and consumers;
   • Allowing the prosecution of corruption and unfair competition with impacts abroad.
   Responsible officials: the Minister of Justice

4. To arrange for our accession to the Treaty on Combating Corruption of Foreign Officials in Economic Relations and to provide for applying its provisions
   • as an amendment of the Penal Code
   Responsible official: the Minister of Justice
   • as an amendment of the law on auditors, the law on Government contracts, the law on accounting, etc.
   Responsible official: the Minister of Justice together with other Government ministers

5. To consider the following during the re-codification of the material penal law (and possibly also other partial amendments of the penal law):
   • Criminal liability for the failure to notify and failure to prevent corruption-related offences;
   • Modification of conditions for applying repentance in bribery cases;
   • Possibility to introduce new factors that would constitute an offence of bribery in unfair competition and limit the existing conditions for penal liability in the offence of unfair competition.
   Responsible official: the Minister of Justice
6. To push for the re-codification of the penal procedure legislation or its partial amendment and speed up and simplify the pre-trial procedure. To analyse the possibility and suitability of providing for offensive methods of detecting criminal activities (agent, confident, operative means, screening investigation, etc.) in the penal procedure law that would allow for their being part of the procedure after meeting strictly defined conditions.

Responsible official: the Minister of Justice together with the Minister of Interior


7. To table the outline of a new law on the protection of witnesses and other persons whose protection is in public interest. To provide in the outline for the physical, registration, and other types of protection of the witness and some other persons also in the period after the trial. To allow the respective bodies in the Czech Republic an international co-operation in this field.

Responsible official: the Minister of Interior in co-operation with the Minister of Justice


Note: The task has not yet been included in the Government legislative plan

8. To give support to the adoption of a freedom-of-information law and take part in the work on its final formulation.

Responsible official: all members of the Government


9. To deal with the lack of transparency in financing political parties when working on the amendment of Law No. 424/1991 on associating in political parties and political movements with the following aim:
   - More severe sanctions in case of any violation of the law;
   - Limitations on political parties sponsoring by foreign entities;
   - Consideration of setting the maximum limit of a membership fee during a calendar year.

Responsible official: the Minister of Interior in co-operation with the Minister of Finance


10. To develop and support amendments of the Constitution, constitutional Act No. 1/1993, and related regulations of the immunity of members of parliament and senators in the Czech Republic. The immunity should cover only acts related to their mandate or at least the refusal to prosecute the members of parliament or senators should not mean they would be immune forever.

Responsible official: Deputy Prime Minister in charge of legislation in co-operation with other members of Government


11. To submit an outline for the amendment of Act No. 238/1992 on some measures related to the protection of public interest or an outline of a completely new law on the protection of public interest with the following aim:
   - To extend its actual scope;
   - To define a Government institution that will be in charge of verifying the statements on assets submitted by persons obliged by law to submit them when getting the post and during their term of office;
• To define forms of sanctions in case of violation apart from the publication of the act (e.g. a fine for the member of Government, removal from office of some civil servants by the decision of the Supreme Court).

Responsible official: the Minister of Justice in co-operation with the Minister of Interior
Deadline: 30.9.2000

12. A bill on state attorneys should introduce the institute of state attorneys and their position within the existing structure of state bodies. It should open the possibility of extending their powers to the supervision over civil and private procedures should be analysed (typically in indictments related to Government contracts). The extension should include administrative procedures, and procedures at the Constitutional Court. Specialised attorneys appointed to regional offices should supervise investigations of the most severe forms of organised crime, economic crime, corruption, and possibly they should be able to get involved in the investigation. To propose how to investigate criminal offences by policemen by state attorneys.

Responsible official: the Minister of Justice (in co-operation with the Supreme State Attorney)
Deadline: 30.6.1999

13. During the reform of administrative punishments and administrative procedures:
   a. To stress the maximum transparency of administrative procedure and to introduce obligatory rules for civil servant’s decisions;
   b. To consider the possibility to speed up the administrative procedure for a higher fee;
   c. Whenever it is possible and purposeful, the deadline of the procedure should be published.
   d. To prepare a legislative outline for building a register of at least some administrative sanctions (including those that have been imposed for the violation of administrative law by elected officers and civil servants in relation to Government contracts and for disciplinary failures in civil service).

Responsible official: the Minister of Interior in co-operation with the heads of other central administrative bodies

14. To prepare an outline for amending the law No. 552/1991 on state audit as later amended or to prepare a completely new legislation:
   • That would define the state auditing system (the auditing institutions, their scope of activity and powers, etc.);
   • That would define the responsible officer for the state audit who would guarantee the material, technical and methodological support for the audit;
   • That would define strict sanctions for the failure to implement the audit conclusions.

Responsible official: the Minister of Finance
Recommended is the co-operation with the President of National Auditing Office
Deadline: 28.2.2000

15. To analyse the position of the Czech intelligence services involved in the protection of country’s economic interests. If the need arises, new proposals of conceptual, legislative, organisational, and other solutions should be tabled. Interest should be paid to the relationships between the individual intelligence services and other institutions involved in the protection of the economic interests in the Czech Republic.

Responsible official: the Minister without Portfolio in co-operation with the Minister of Interior and the Minister of Finance
16. To define the legislative sources of corruption when checking the existing legislation and drafting new regulations, and to submit proposals for their elimination. The sources we find are the non-existence of control mechanisms, too vague provisions of the public law, too much of the decision-making power concentrated in one hands without any independent (outside) control, the proceedings designed inadequately in terms of their timing and substance of the case, the non-existence of sanctions for abusing the power and others.

Responsible official: All Government ministers

B. Organisational measures

1. The individual ministries should indicate sources and forms of corruption in their sector, to analyse them and to propose anti-corruption mechanisms. Conditions should be created for providing more information to the general public about their rights in dealing with the administration (e.g. placing the administrative rules on a board in the offices, etc.). They should propose, implement and assess technical measures aimed at combating corruption.

Responsible official: All heads of central administration bodies and all heads of district government bodies
Deadline: On-going, always on 31.12 (31.12.1999 for the first time)

2. The co-ordination of tasks resulting from the Government programme of combating corruption in the Czech Republic (defined both in the initial text and the time schedule), the on-going assessment of their implementation and proposals for new measures. The assessment should be handed over to the official responsible for item B.4.

Responsible official: the 1st Deputy Prime Minister, Deputy prime Minister in charge of security policies, Deputy Prime Minister in charge for economic policies
Deadline: On-going, always on the 31.12.

3. In compliance with the existing legislation, to draft agreements the Police of the Czech Republic and auditing (especially financial) institutions with the aim to improve their co-operation, communication and sharing of information needed for their work.

Responsible official: the Minister of Interior in co-operation with the Minister of Finance and the Governor of the Czech National Bank and heads of other central administration bodies
Deadline: 30.9.1999

4. To submit an annual report on bribery and criminal offences public officials committed in the Czech Republic. Such reports should become a basis for a database on the forms of corruption and the areas of its occurrence. In addition, the Report should analyse the anti-corruption measures adopted in this Time Schedule, evaluate their impact, inform the Government on the status of the tasks included in this Time Schedule, and propose additional measures.

Responsible official: the Minister of Interior in co-operation with responsible officers for individual tasks
Deadline: Annually on 31.1. (31.1.2001 for the first time)

5. In each discovered or publicly presented case of corruption or similar behaviour
   a. To issue a detailed report after the criminal court has ruled;
   b. In case the publication is not possible because of the need to protect classified information to provide a brief information on the substance of the case;
c. To file a detailed report and postpone its publishing until after the classified information is no longer significant;
d. To strictly insist on the presumption of innocence and to protect personal data of people who has not yet been proven guilty.

Responsible official: All heads of central administrative bodies, heads of district government bodies, and the Director of BIS (civil intelligence agency)
Deadline: On-going

6. To ensure an establishment of a contact consultation centre for victims of corruption, potentially help in its establishment and publicise the fact in the media.
Responsible official: the Minister of Interior in co-operation with heads of other central administrative bodies

7. To set aside within the individual ministries a department (office) where the public may send its complaints and proposals (by telephone, e-mail, etc.) and allow for direct consultations with the staff of this department (office). To consider a support to non-governmental consultation centres for corruption victims (particularly in view of providing protection to people who would turn to such centres).
Responsible official: All heads of the central administrative bodies
Deadline: Immediately

8. To regularly conduct internal audits focused on exposing corruption and to inform the public about their results. To vigorously work on exposing the causes of these negative social phenomena. To hold individual directors responsible for violating the rules.
Responsible official: All heads of the central administrative bodies, heads of district government bodies, and the Director of BIS
Deadline: On-going, always on 31.12 (31.12.1999 for the first time)

9. To give support to all forms of corruption research. To conduct regular surveys in order to get data for comparison. To publish the survey results. To give support to publishing and documenting corruption cases (e.g. grants).
Responsible official: the Minister of Interior with the Minister of Justice, the Minister of Culture, the Minister of Education, Youth and Sport, and other members of the Government
Deadline: On-going

10. To give support to non-governmental organisations involved in combating corruption (e.g. Transparency International). To agree with such organisations the way, form, and scope of co-operation.
Responsible official: the Minister without Portfolio in co-operation with all heads of the central administrative bodies
Deadline: On-going, checks always on 30.6.

11. To give support to parliamentary investigating commissions focusing on very severe cases of corruption.
Responsible official: All members of the Government
Deadline: On-going

12. To publish each report by the National Auditing Office within 60 days in the NAO Official Journal and provide the Government with correcting measures. Within 6 months the correcting measures should be assessed.
C. Education and medial presentation

1. To offer common education and discussion panels for policemen, state attorneys and judges involved in the corruption cases in order to provide them with special knowledge on the offence and its combating. Foreign experience will be used when working on the project.
   Responsible official: the Minister of Justice in co-operation with the Minister of Interior
   Deadline: 30.6.1999

2. To prepare the project of the national training of civil servants focused on preventing corruption. To develop the necessary teaching aids for such training.
   Responsible official: the Minister of Interior in co-operation with the Minister of Justice and the Ministry of Education, Youth and Sports
   Deadline: 30.6.1999

3. To prepare for various types of schools a methodological guideline on social causes and consequences of corruption and methods of combating it, and to give support for introducing an anti-corruption education in all types of schools.
   Responsible official: the Minister of Education, Youth and Sports in co-operation with the Minister of Interior and the Minister of Justice
   Deadline: 30.6.1999

4. To develop a guideline for the civilian protection against corruption and to give support to the civilian and independent educational programmes in the media.
   Responsible official: the Minister of Interior in co-operation with the Minister of Justice
   Deadline: 30.6.1999

D. International co-operation

1. To analyse results of the international and supra-national organisations (GMC under the Council of Europe, UCLAF under the European Commission, Interpol, UNO, Transparency International, International Monetary Fund, World Bank, OECD). To provide for an exchange of information on such activities between the involved local bodies. To be active in combating corruption carried by the above listed and other institutions.
   Responsible official: the Minister of Foreign Affairs in co-operation with the Minister of Finance, Minister of Interior and Minister of Justice
   Deadline: On-going

2. To follow corruption combating activities (including the suppression of other severe economic offences, and organised crime) abroad and to submit a summary report on newly adopted measures annually.
   Responsible official: the Minister of Interior in co-operation with the Minister of Finance and the Minister of Justice
   Deadline: 31.12. of every year (31.12.1999 for the first time)