

## MONTHLY STATUS REPORT

### (October 2015)

#### I. Summary of situation in monitored areas

Total value (average for areas 1 to 5)

Previous value 09/2015: 27,1%

Current value 10/2015: 28,8%

↗ + 1,7%

#### Area 1. Control of politicians

Previous value 09/2015: 16,9 %

Current value 10/2015: 16,9 %

●

Subsection	Evaluation of the status change in 10/2015 compared to 09/2015
1.1. Lowering corruption opportunities (conflict of interest)	no progress
1.2. Monitoring of lobbied politicians through public electronic diary	no progress
1.3. Counter acting the "diversion of public funds business" by monitoring of encrypted phones	no progress
1.4. Asset declaration and non-corruption statement	no progress
1.5. Change of the electoral system with the view of reducing the corruption	no progress

Almost an uninterrupted sequence of conflict of interest affairs both at the local and central political level demonstrates the **lack of effectiveness of the existing regime of prevention of conflict of interest**, for example, a long-lasting case of the presidential chancellor Mr. Mynář. The proposal of the amendment of the Act on conflict of interest introduces certain stricter sanctions and raises sanctions, nevertheless it lacks basic factors which would make the rules on prevention of conflict of interest effective and enforceable. If in the area of conflict of interest one can see at least some efforts to remedy the current dysfunctional system, in the **related area of lobbying** it appears that the government has given up the attempts to regulate the non-transparent adoption of laws and decisions of public bodies. This approach is in a sharp contrast with the latest scandal of Ms. Kleslová who – according to the news – had contracts with number of large companies with the aim of influencing law proposals in their favour: if she had to have a public electronic diary in which she would have to publish all her meetings, it is probable that her activities would come to surface earlier and the whole affair could not have started. Certain consolation can be found in the fact some mayors, senators and MEPs use the electronic public diary, at least in the very rudimentary form. No attention is being devoted to the **problem of encrypted and anonymous communication** the use of which gets multiplied almost after any larger political scandal, despite the revelations that it was used in the recent case of regional governor

Vobořil. By contrast, high public officials paradoxically refuse to use special devices developed for the purpose of protection of communication ensuring the key state functions. The case of the governor of the Olomouc region underlined the issue of politicians detained and/or accused because of corruption suspicions which damages the credibility of political parties to which they belong and in general spoils the trust of citizens in democratic institutions.

## Area 2. Transparent financing of political parties

Previous value 09/2015: 45,0%

Current value 10/2015: 45,0%



Subsection	Evaluation of the status change in 10/2015 compared to 09/2015
2.1. Making financing of political parties more transparent	no progress
2.2. Making financing of electoral campaigns political parties more transparent	no progress

**Financing of political parties** suffers from a long-term lack of transparency. The information about the donors of political parties contained in annual reports of political parties are incomplete, often it is not possible to identify persons which provided them with funds. A number of donors which are corporations are at the same time recipients of public funds and a non-negligible number of those donor-corporations do not have transparent ultimate owners. Media also inform about the use of fake nominees, so called white horses, for the purpose of concealing the identity of true donors. The origin of funds donated to political parties often cannot be easily discovered, it is not uncommon that parties are financed by loans from individuals and corporations owned by individuals who may through these loans influence or control the parties. A similar situation exists with respect to the financing of political campaigns. Last and last but one elections as well as the presidential elections demonstrated a wide repertory of non-transparent financing practices. Monitoring of those financial practices performed by non-profit organisations led by Transparency International Czech Republic showed that financing of electoral advertisement has to be done directly by third persons outside the parties' accounting since the volume of costs for electoral advertisement reported by the parties corresponds to a small fragment of costs which would have to be paid if the electoral advertisement had been bought for market prices. Complex information about financing of political parties can be found at the website Political Finances ([www.politickefinance.cz](http://www.politickefinance.cz)). Given the scope and nature of problems which occur with constant regularity, the government submitted in August to the Lower Chamber of the Parliament **ambitious proposals regulating financing of political parties and electoral campaigns**. These proposals, on the one hand, limit the amount of donated funds, introduce transparent electoral accounts and in certain way limit financing of electoral campaigns outside party accounting; on the other hand, it does not deal with the issues of donations

provide by anonymously owned companies, controlling parties through loans or the still existing possibility for parties to own certain business corporations. The foreseen supervision of party finances by a new authority will most probably be problematic given the dependency of this authority on the Parliament; a more effective tool would be a public disclosure of financial management of electoral campaigns in the real time before the election and an outsourcing of financial management a third person, like it is in France.

### Area 3. Non-corrupt and professional public administration

Previous value 09/2015: 40,9 %

Current value 10/2015: 40,8 %

↩- 0,1%

Subsection	Evaluation of the status change in 10/2015 compared to 09/2015
3.1. Integrity and professionalism of public administration	no progress
<b>3.2. On-line access to informatics about public institutions</b>	<b>regression</b>
3.3. Control of management of public funds	no progress
3.4. Corruption whistleblowing	no progress
3.5. (Poor) Quality of Czech laws	no progress

The **Act on civil service** adopted at the end of the last year is gradually being implemented, implementing regulations are being issued and rules and procedures of functioning of public administration are being established. Although the Constitutional Court ruled that the Act is in accordance with the Constitution, the implementing regulations cannot remedy the defect consisting in the subordination of the public administration to the politically nominated minister of interior instead of being at least functionally independent. The impact of the Act on the functioning of the state administration cannot be so far assessed. **Electronization and larger transparency** in the functioning of the public administration progresses only slowly as well as there are almost no results of e-Government. The Senate returned the Act on register of private-public contracts, which could also increase transparency about the ways in which public funds are spent, to the Lower Chamber with amendments which make the Act completely ineffective. The reform of **control mechanisms over management of public funds** could enhance public control over functioning of public institutions. The reform consists in the extension of the scope of powers of the Supreme Audit Authority to municipalities, regions and corporations owned by them and by the state and is composed of the proposal amending the Constitution and the implementing Act which are currently in the Senate and the Lower Chamber. By contrast, the preparation of the reform of the internal financial management and control in the public administration is getting delayed at the Ministry of finance, as it appears at the moment. Despite regular publication of cases of whistleblowers who have become victims of retaliation for their efforts to disclose the waste of public funds, non-efficiency, conflict-of-interest or corruption, it does not seem that the government would prepare law proposals which would ensure the **protection of whistleblowers** which is currently missing. At the same time, no attention is devoted to the

**poor quality of preparation of laws and other measures:** the elaboration of impact assessment uses to be outsourced to private consultant companies, the committee for regulatory impact assessment has no real powers and the effectiveness and impact of adopted laws are not being evaluated.

#### Area 4. Transparent and effective public investment

Previous value 09/2015:17,9 %

Current value 10/2015: 23,8 %

↗ + 5,9 %

Subsection	Evaluation of the status change in 10/2015 compared to 09/2015
4.1. Supervisory boards of companies serving public interest	limited progress
4.2. Evaluation of investments from the public interest perspective	no progress
4.3. Tools against "tailoring" of public procurement contracts	limited progress
4.4. Disclosure of ultimate beneficial owners of companies in public procurement	limited progress
4.5. Fair assessment of public procurement bids	no progress

The Ministry of finance came with a proposal of a legislative intention to prepare a law on **the nomination of persons to corporation owned by the state and municipalities** which, however, resolves only a part of problems. The issue of absence of ex-ante or ex-post **evaluation of effectiveness and efficiency of public investments** which is often mentioned by the Supreme Audit Authority is not being dealt with at all. Both EU and national funds continue to be expended in a considerable number of cases only for the sake of being quickly disbursed and paid out without assessing of their future added value. **Public contracts** represent a long-term deficiency of the Czech public administration. Their attribution, mismanagement or the possible corruption cases are monitored at [www.vsechnyzakazky.cz](http://www.vsechnyzakazky.cz), detailed monitoring of mistakes of individual public authorities is displayed at [www.zindex.cz](http://www.zindex.cz). The biggest problem of public contracts is their cartelisation which is often criticised and in certain cases proven. This makes Czech Republic a country with the lowest share of small and medium enterprises on public contracts which further reduces the quality and increases the prices which the public institutions ultimately pay for public contracts. The proposal of the new law on attribution of public contracts, as it appears at the moment, only tries to transpose in a minimalist way the new EU public procurement directives instead of trying to solve the existing problems in public procurement. The solution of **disclosure of corporate ownership structures up to ultimate beneficial owner(s)** was inserted into the proposal of the law on attribution of public contracts in connection with the transposition of the forth EU Anti-money laundering directive. Dysfunctional and easily rigged **evaluation of offers of public contracts** is an element necessarily resulting from cartelised public procurement environment. It is indeed surprising that there is no will from the side of public institution to deal with this issue.

**Area 5. Abolition of anonymous ownership***Previous value 09/2015: 17,5%****Current value 10/2015: 17,5%***

Subsection	Evaluation of the status change in 10/2015 compared to 09/2015
5.1. Abolition of certificated (paper) shares	no progress
5.2. Abolition of Trust Funds	no progress
5.3. Provision of offshore services to the companies using public money	no progress

Despite the adoption of laws banning the existence of anonymous paper shares it is still possible to conceal the ultimate beneficial owner(s) either via foreign corporations from non-transparent tax havens owning Czech companies or via **trustfunds** which allow for disguising – also vis-à-vis state authorities – the real owners of not only corporations, but also immovables and other assets. On top of that **most Czech joint-stock companies remain to be owned via registered paper shares** whose ownership, with the exception of joint-stock companies with one shareholder, is not published or registered. A limited progress in this respect can be expected from proposals amending the Act on anti-money laundering and the Act on public registers in the framework of transposition of the fourth EU Directive on Anti-Money Laundering which foresee registration of ultimate beneficial owners and a declaratory, but completely unprovable, disclosure of ultimate beneficial owners of corporations. The issue of **regulation of providing offshore advice** which facilitate anonymization of ultimate beneficial owner(s) of corporations, shifting of profits and corporate tax base erosion is currently not being dealt with. Offshore advice services continue to be an unregulated business and can be used without any restriction even by corporation receiving public funds.

- *no change in the value compared to the previous month value*
- ↗ *increase in the value compared to the previous month value*
- ↘ *decrease in the value compared to the previous month value*

- *regression*

- *no progress*

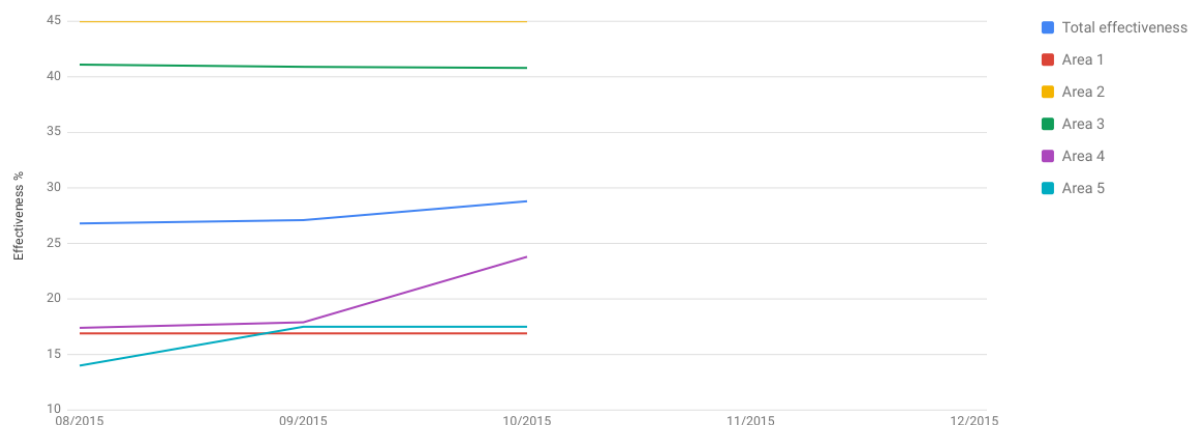
- *limited progress*

- *some progress*

- *substantial progress*

- *fully addressed*

## II. Timeline



### Total value (average for areas 1 to 5)

Previous value 09/2015: 27,1%

Current value 10/2015: 28,8% ↗ + 1,7%

#### Area 1. Control of politicians

Previous value 09/2015: 16,9 %

Current value 10/2015: 16,9%



#### Area 2. Transparent financing of political parties

Previous value 09/2015: 45,0%

Current value 10/2015: 45,0%



#### Area 3. Non-corrupt and professional public administration

Previous value 09/2015: 40,9 %

Current value 10/2015: 40,8 %

↘ - 0,1%

#### Area 4. Transparent and effective public investment

Previous value 09/2015: 17,9 %

Current value 10/2015: 23,8 %

↗ + 5,9 %

#### Area 5. Abolition of anonymous owner ship

Previous value 09/2015: 17,5%

Current value 09/2015: 17,5%



### III. Changes in parameter values

Area/ Subsection	Parameter	Initial value 09/2015		Current value 10/2015		Change
		Effectiveness	Progression	Effectiveness	Progression	
3. Non-corrupt and professional public administration	<b>65. Register of public-private contracts</b>	75 %	70 %	75 %	60 %	- 10 %
3.2. On-line access to informatics about public institutions						
4. Transparent and effective public investment	<b>90. Composition of supervisory boards</b>	0 %	30 %	75 %	40 %	+ 75 % + 10 %
4.1. Supervisory boards of companies serving public interest	<b>91. Political members of supervisory boards in the public office</b>	0 %	30 %	75 %	40 %	+ 75 % + 10 %
	<b>92. Political members of supervisory boards from different state bodies</b>	0 %	30 %	50 %	40 %	+ 50 % + 10 %
	<b>93. One person in maximum two supervisory board</b>	0 %	30 %	25 %	40 %	+ 25 % + 10 %
	<b>95. Obligation of politically nominated supervisory board members to inform the public</b>	0 %	30 %	0 %	0 %	- 30 %
	<b>96. Tools for supervisory board members to obtain information</b>	0 %	30 %	0 %	0 %	- 30 %

Area/ Subsection	Parameter	Initial value 09/2015		Current value 10/2015		Change
		Effectiveness	Progression	Effectiveness	Progression	
	<b>97. Cooperation of politically nominated supervisory board members in the performance of control checks by the Supervisory Audit Authority</b>	0 %	30 %	0 %	0 %	- 30 %
	<b>98. Selection of supervisory board members</b>	0 %	30 %	75 %	40 %	+ 75 % + 10 %
4. Transparent and effective public investment	<b>108. Itemized budget for standardized public contracts</b>	50 %	50 %	60 %	50 %	+ 10 %
4.3. Tools against "tailoring" of public procurement contracts	<b>109. Limitation of a technical qualification criteria to a single one</b>	25 %	50 %	25 %	40 %	- 10 %
4. Transparent and effective public investment	<b>115. Transparent ownership structure of companies receiving public funds</b>	50 %	40 %	75 %	60 %	+ 25 % + 20 %
4.4. Disclosing ultimate beneficial owners of companies in public procurement	<b>116. Exemptions from the ownership structure disclosure rule</b>	50 %	30 %	50 %	60 %	+ 30 %
	<b>117. Declaration of ownership structure</b>	0 %	30 %	25 %	60 %	+ 25 % + 30 %
	<b>118. Proof of the ownership structure</b>	0 %	30 %	25 %	60 %	+ 25 % + 30 %



## **Effectiveness**

0 % - nil

25 % - partial

50 % - half way through

75 % - largely ok

100 % - full

## **Progression**

0 % - Problem: Media report a problem, but nothing is being done

10 % - Discussion: The solution is being discussed in the public

20 % - Voluntary solutions: Voluntary solutions are applied

30 % - Efforts: Political promise to solve the problem

40 % - Ministry: Ministry prepares a law proposal with a solution

50 % - Government: The law proposal is in the Government

60 % - Lower Chamber: The law proposal is in the Lower Chamber

70 % - Senate: The law proposal is in the Senate

80 % - Adopted: The law is adopted but not yet in force

90 % - In force: The law is in force

100 % - Applied: The law is being applied

#### IV. Justification of changes in parameter values

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
	Effectiveness	Progression	Effectiveness	Progression
<b>65. Register of public-private contracts</b>	75 %	70 %	75 %	60 %
Area 3. Non-corrupt and professional public administration	The proposal on the Act on public register of contracts, <u>which is currently discussed in the Senate (bill no. 126) (the Upper Chamber of the Parliament)</u> , sets out an obligation to disclose contracts concluded between public institutions and private companies in the online public registry while the entry into force of these contracts is conditioned by this online publication (Arts. 2 – 4, 6 and 7).		The proposal on the Act on public register of contracts, <u>which the Senate (the Upper Chamber of the Parliament) returned to the Lower Chamber (bill no. 42)</u> , sets out an obligation to disclose contracts concluded between public institutions and private companies in the online public registry while the entry into force of these contracts is conditioned by this online publication (Arts. 2 – 4, 6 and 7).	
3.2. On-line access to informatics about public institutions				
<b>90. Composition of supervisory boards</b>	0 %	30 %	75 %	40 %
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		The legislative intention to <u>prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state foresees laying down personal and expert qualification requirements for the performance of functions (point D of the legislative intention).</u>	
4.1. Supervisory boards of companies serving public interest				
<b>91. Political members of supervisory boards in the public office</b>	0 %	30 %	75 %	40 %
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		The legislative intention to <u>prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state specifies the the future law proposal will prevent members of of the Lower Chamber of Parliament and senators to hold functions in those boards, even after the termination of their public office, but does not solve this question in respect of other public officials (point D of the</u>	
4.1. Supervisory boards of companies serving public interest				

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
	Effectiveness	Progression	Effectiveness	Progression
			legislative intention).	
<b>92. Political members of supervisory boards from different state bodies</b>	<b>0 %</b>	<b>30 %</b>	<b>50 %</b>	<b>40 %</b>
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state foresees in general the solution of the issue of conflict of interest regarding persons to be nominated to the aforementioned boards, but it does not set out concrete measures how to prevent the conflict of interest (point D of the legislative intention).	
4.1. Supervisory boards of companies serving public interest				
<b>93. One person in maximum two supervisory boards</b>	<b>0 %</b>	<b>30 %</b>	<b>25%</b>	<b>40 %</b>
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state indicates that it will solve the issue of cumulation of membership of individual persons in management and supervisory bodies, but it does not say how this cumulation will be restricted (point D of the legislative intention).	
4.1. Supervisory boards of companies serving public interest				
<b>95. Obligation of politically nominated supervisory board members to inform the public</b>	<b>0 %</b>	<b>30 %</b>	<b>0 %</b>	<b>0 %</b>
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state does not deal with the issue of informing the general public about the matters regarding those companies which fall under the scope of Act no 106/1999 Coll., on free access to information concerning public institutions.	
4.1. Supervisory boards of companies serving public interest				

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
	Effectiveness	Progression	Effectiveness	Progression
<b>96. Tools for supervisory board members to obtain information</b>	0 %	30 %	0 %	0 %
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		<u>The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state does not deal with the issue when the member of the supervisory board does not receive the requested information from the management of such company and the question of effective measures for solving this problem.</u>	
4.1. Supervisory boards of companies serving public interest				
<b>97. Cooperation of politically nominated supervisory board members in the performance of control checks by the Supervisory Audit Authority</b>	0 %	30 %	0 %	0 %
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		<u>The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state does not deal with the issue of enhanced cooperation of supervisory board members in situations when the supreme Audit Authority performs an audit of these companies.</u>	
4.1. Supervisory boards of companies serving public interest				
<b>98. Selection of supervisory board members</b>	0 %	30 %	75 %	40 %
4. Transparent and effective public investment	Ministry of finance submitted a proposal of legislative intent to prepare a law on the selection of experts to the function of directors and supervisory board members and boards of directors of companies controlled by the state. Efforts to solve these issues can be found also in the Senate.		<u>The legislative intention to prepare a law on selection of persons to management and supervisory (controlling) boards of companies with shareholding interest of the state foresees the creation of a Government committee for personal nominations, an open selection proces and a two-level nomination proces for assessing the candidates to the posts in the aforementioned boards. However, the results of the nomination proces are not binding which lowers their</u>	
4.1. Supervisory boards of companies serving public interest				

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
			<u>effectiveness and importance</u> (points B. and C. of the legislative intention).	
<b>108. Itemized budget for standardized public contracts</b>	<b>Effectiveness</b> <b>50 %</b>	<b>Progression</b> <b>50 %</b>	<b>Effectiveness</b> <b>60 %</b>	<b>Progression</b> <b>50 %</b>
4. Transparent and effective public investment	The proposal of the new law on attribution of public contracts, <u>which is in the Government</u> , allows the public contractor to require that the offer takes the form of an electronic catalogue containing itemised prices corresponding to the object of the tendered contract (Art. 215), however, it is not specified that in such a case the price should be the decisive assessment criterion. The prohibition of cutting public contracts of the same character into smaller pieces exists both in the existing (Art. 13 (3)) and the proposed law on attribution of public contracts (Art. 35), its enforcement is however doubtful.		The proposal of the new law on attribution of public contracts, <u>which is in the Lower Chamber of the Parliament (bill no. 637)</u> allows the public contractor to require that the offer takes the form of an electronic catalogue containing itemized prices corresponding to the object of the tendered contract (Art. 215), however, it is not specified that in such a case the price should be the decisive assessment criterion. The prohibition of cutting public contracts of the same character in to smaller pieces exists both in the existing (Art. 13 (3)) and the proposed law on attribution of public contracts (Art. 35), its enforcement is, however, doubtful.	
4.3. Tools against “tailoring” of public procurement contracts				
<b>109. Limitation of a technical qualification criteria to a single one</b>	<b>Effectiveness</b> <b>25 %</b>	<b>Progression</b> <b>50 %</b>	<b>Effectiveness</b> <b>25 %</b>	<b>Progression</b> <b>40 %</b>
4. Transparent and effective public investment	The proposal of the law on attribution of public contracts (Art. 79 (2)) <u>which is in the Government</u> – unlike the EU Directive (Art. 58 (4) and Annex XII) – does not embrace the principle that the sufficient general requirement of technical qualification is the realisation of a similar work in the past and that the more detailed technical criteria should verify the compliance with this principle.		The proposal of the law on attribution of public contracts (Art. 79 (2)), <u>which is in the Lower Chamber of the Parliament (bill no. 637)</u> – unlike the EU Directive (Art. 58 (4) and Annex XII) – does not embrace the principle that the sufficient general requirement of technical qualification is the realization of a similar work in the past and that the more detailed technical criteria should verify the compliance with this principle.	
4.3. Tools against “tailoring” of public procurement contracts				
<b>115. Transparent ownership structure of companies receiving public funds</b>	<b>Effectiveness</b> <b>75 %</b>	<b>Progression</b> <b>50 %</b>	<b>Effectiveness</b> <b>75 %</b>	<b>Progression</b> <b>60%</b>
4. Transparent and effective	Both the governmental Action plan (chap. 3, p. 13) and the Conception of the fight against		<u>The disclosure of ultimate beneficial owners of firms receiving public contracts is</u>	

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
public investment	corruption (chap. 2.1.3., p. 6) consider the disclosure of ultimate beneficial receiving public funds as a priority task. The registration of ultimate beneficial owners of all companies in the Czech Republic, not only those receiving public funds is to certain extent dealt with by the proposal amending the Act no. 304/2013 Coll., on public registers <u>which is in the Government: this proposal, however, foresees making available of the identity of final ultimate beneficial owners to the public</u> (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).		<u>being dealt with by the proposal of the Act on public procurement, which is in the Lower Chamber of the Parliament (bill no. 637), in relation with the proposal of law amending Act no. 304/2013 Coll., on public registers, which is in the government. However, the disclosure of ultimate beneficial owners companies receiving public funds other than through public contracts falling within the scope of the proposal of the Act on public procurement is not being dealt with.</u>	
4.4. Disclosing ultimate beneficial owners of companies in public procurement				
<b>116. Exemptions from the ownership structure disclosure rule</b>	<b>Effectiveness</b>	<b>Progression</b>	<b>Effectiveness</b>	<b>Progression</b>
	50 %	30 %	50 %	60 %
4. Transparent and effective public investment	The exemption from the requirement of disclosure of ultimate beneficial owners of companies for those owners who acquired their ownership interest through stock exchanges (regulated markets) is not a part of the proposal amending the Act no. 304/2013 Coll., on public register nor in the proposal amending the Act no. 253/2008 Coll., against money laundering, however, it can be practically applied since it is foreseen by the fourth EU Anti-money laundering Directive and certain but unspecified exemptions are foreseen in the Action plan (chap. 3, p. 13) and Conception for fighting corruption (chap. 2.1.3., p. 6). (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).		The exemption from the requirement of disclosure of ultimate beneficial owners of companies for those owners which acquired their interest via stock markets (regulated markets) is not being dealt with either in the <u>proposal of Act on public procurement, which is in the Lower Chamber of the Parliament (bill no. 637), nor in the proposal of law amending the Act no. 304/2013 Sb., on public registers, which is in the Government. Nevertheless, the exception can be practically applied if read in conjunction with the definition of the ultimate beneficial owner contained in the fourth Anti-money laundering Directive no. 849/2015/EU (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).</u> The exception for banks and insurance companies	
4.4. Disclosing ultimate beneficial owners of companies in public procurement				

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
			whose ownership structures and ultimate beneficial owners are under surveillance of the Czech National Bank, is not foreseen.	
<b>117. Declaration of ownership structures</b>	<b>Effectiveness</b>	<b>Progression</b>	<b>Effectiveness</b>	<b>Progression</b>
	<b>0 %</b>	<b>30 %</b>	<b>25 %</b>	<b>60 %</b>
4 Transparent and effective public investment	The proposal amending the Act no. 304/2013 Coll., on public registers nor the proposal amending the Act no. 253/2008 Coll., against money laundering does nor deal with the question of disclosure of ownership structures up to the ultimate beneficial owner(s) to the state. Yet, the commitment made by the Government both in the Action plan (chap. 3, p. 13) and the Conception of fight against corruption (chap. 2.1.3., p. 6) covers the requirement of disclosure of ownership structures up to the ultimate beneficial owner(s) of firms receiving public funds, however, it does not specify the way in which it would be implemented (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).		The proposal of Act on public procurement, which is in the Lower Chamber of the Parliament which is in the Lower Chamber of the Parliament (bill no. 637), nor the proposal of law amending the Act no. 304/2013 Coll., on public registers in conjunction with the proposal of law amending the Act no. 253/2008 Coll., against money laundering, which are in the Government, do not deal with the issue of disclosure of ownership structures of companies to the state. However, since the proposal of law amending the Act on public registers foresees the disclosure of ultimate beneficial owners, it will have to resolve the issue of disclosure of the related ownership structures; otherwise it will not be possible to prove that the declared ultimate beneficial owners are indeed the real ultimate beneficial owners.	
4.4. Disclosing ultimate beneficial owners of companies in public procurement				
<b>118. Proof of the ownership structure</b>	<b>Effectiveness</b>	<b>Progression</b>	<b>Effectiveness</b>	<b>Progression</b>
	<b>0 %</b>	<b>30 %</b>	<b>25 %</b>	<b>60 %</b>
4. Transparent and effective public investment	The proposal amending the Act no. 304/2013 Coll., on public registers nor the proposal amending the Act no. 253/2008 Coll., against money laundering does nor deal with the question of evidencing of ownership structures up to the ultimate beneficial owner(s) to the state. Yet, the commitment made by the Government both in the Action plan (chap. 3, p. 13) and the Conception of fight against		The proposal of Act on public procurement, which is in the Lower Chamber of the Parliament which is in the Lower Chamber of the Parliament (bill no. 637), nor the proposal of law amending the Act on public registers in conjunction with the proposal of law amending the Act no. 253/2008 Coll., against money laundering, which are in the Government, do not deal with the issue of proving of	
4.4. Disclosing ultimate beneficial owners of companies in public procurement				

Parameter / Area / Subsection	Justification Previous value 09/2015		Justification Current value 10/2015	
	corruption (chap. 2.1.3., p. 6) covers the requirement of providing evidence of ownership structures up to the ultimate beneficial owner(s) of firms receiving public funds, however, it does not specify the way in which it would be implemented (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).		<u>ownership structures of companies to the state. However, since the proposal of law amending the Act no. 304/2013 Coll., on public registers foresees the disclosure of ultimate beneficial owners, it will have to resolve the issue of proving of the related ownership structures; otherwise it will not be possible to prove that the declared ultimate beneficial owners are indeed their real ultimate beneficial owners.</u>	
<b>119. Proving of ownership structures of foreign companies with paper shares</b>	<b>Effectiveness</b> <b>0 %</b>	<b>Progression</b> <b>30 %</b>	<b>Effectiveness</b> <b>25 %</b>	<b>Progression</b> <b>60 %</b>
4. Transparent and effective public investment	The proposal amending the Act no. 304/2013 Coll., on public registers nor the proposal amending the Act no. 253/2008 Coll., against money laundering does not deal with the question of evidencing of ownership of non-Czech firms in relation to the disclosure of ultimate beneficial owner(s). Yet, the commitment made by the Government both in the Action plan (chap. 3, p. 13) and the Conception of fight against corruption (chap. 2.1.3., p. 6) covers the issue of evidencing of ownership of non-Czech firms within the ownership structures up to the ultimate beneficial owner(s) of firms receiving public funds, however, it does not specify the way in which it would be implemented (the proposed amendment implements Art. 3 (6) and Art. 30 of Directive 849/2015/EU).		The proposal of Act on public procurement, which is in the Lower Chamber of the Parliament (bill no. 637), nor the proposal of law amending the Act no. 304/2013 Coll., on public registers in conjunction with the proposal of law amending the Act no. 253/2008 Coll., against money laundering, which are in the Government, do not deal with the issue of proving of ownership structures of companies to the state. However, since the proposal of law amending the Act no. 304/2013 Coll., on public registers foresees the disclosure of ultimate beneficial owners, it will have to resolve the issue of disclosure of the related ownership structures; otherwise it will not be possible to prove that the declared ultimate beneficial owners – of both Czech and foreign companies, are indeed their real ultimate beneficial owners.	
4.4. Disclosing ultimate beneficial owners of companies in public procurement				