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## **A Diagnosis of Corruption in the Czech Republic**

Vera Rihackova

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[www.againstcorruption.eu](http://www.againstcorruption.eu)

Every party running in the elections strives to be seen as the corruption fighter since the level of public disapproval over the obvious cases of corrupt behaviour has been increasing tremendously, namely in connection to couple of case in the capital Prague (especially project Opencard<sup>1</sup>), governed by one party – Civic Democratic Party (ODS) with majority in the City Council; as the result, the ODS preferences are dropping sharply in the capital that has been always a party stronghold. The interim caretaking government has initiated several steps towards adopting legislative amendments improving the tools for enforcing the existing laws (especially law on the conflict of interests) and allowing for efficient evidence collection and assets recovery; however, many of the systemic improvements needed are still lacking (regulation of lobbying, protection of whistleblowers, liability of legal persons, de-politicisation and professionalization of the public administration etc.) as well as any major cases of corruption convicted. At the moment, there is one major case pending in the city of Brno where two local politicians are standing trial for being suspected to ask for bribe from a developer who wanted to construct a building in lucrative part of the city.<sup>2</sup> According to the Transparency International Czech Republic, the recent cases show that the main problems in the country are still political corruption, uncontrolled lobbying, insufficient independence of the justice system and too tamed public service. It also appears that the offices responsible for the fight against corruption still lack personnel. Recently, the anti-corruption police ask for additional 90 staff members. This is only one of the organizations involved in anti-corruption activities. The investigations of filed cases are usually opened but there are no results.

According to a 2007 survey of the business and political milieu<sup>3</sup>, corruption was just as widespread in 2006 as in 2001 and evenly distributed throughout the Czech Republic with the exception of the capital Prague that is slightly different due to the higher number of government institutions. As the survey suggests, large Czech companies offer bribes the most frequently and bribes are most often requested by civil servants of the central government, municipalities and at Prague Town Hall. The sectors perceived to be most corrupted are the construction industry and contracting on the side of business, health care, police force, civil servants deciding upon the public procurement and contracts (generally)<sup>4</sup>.

Freedom House NIT 2009 report suggest that the ordinary Czech citizens can live their daily lives without engaging in acts of corruption. Also in the Transparency International's Global Corruption Barometer 2009, 80% of Czech respondents stated they hadn't paid a bribe or had been asked for

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<sup>1</sup> For details see for example <http://www.praguepost.com/news/2955-audit-reveals-opencard-problems.html>.

<sup>2</sup> For details see for example [http://www.ceskenoviny.cz/news/zpravy/ods-s-brno-zabovresky-mayor-resigns-over-suspected-corruption/435526&id\\_seznam=](http://www.ceskenoviny.cz/news/zpravy/ods-s-brno-zabovresky-mayor-resigns-over-suspected-corruption/435526&id_seznam=)

<sup>3</sup> Corruption in the Czech Republic: Politicians and Managers Perception (2007), Donath-Burson-Marsteller, Factum Invenio, Institute of Sociology of the Academy of Sciences of the Czech Republic, The Fleet Sheet's Final Word, <http://www.dbm.cz/pruzkumy/english/?id=98>

<sup>4</sup> According to 2009 Transparency International Global Corruption Barometer

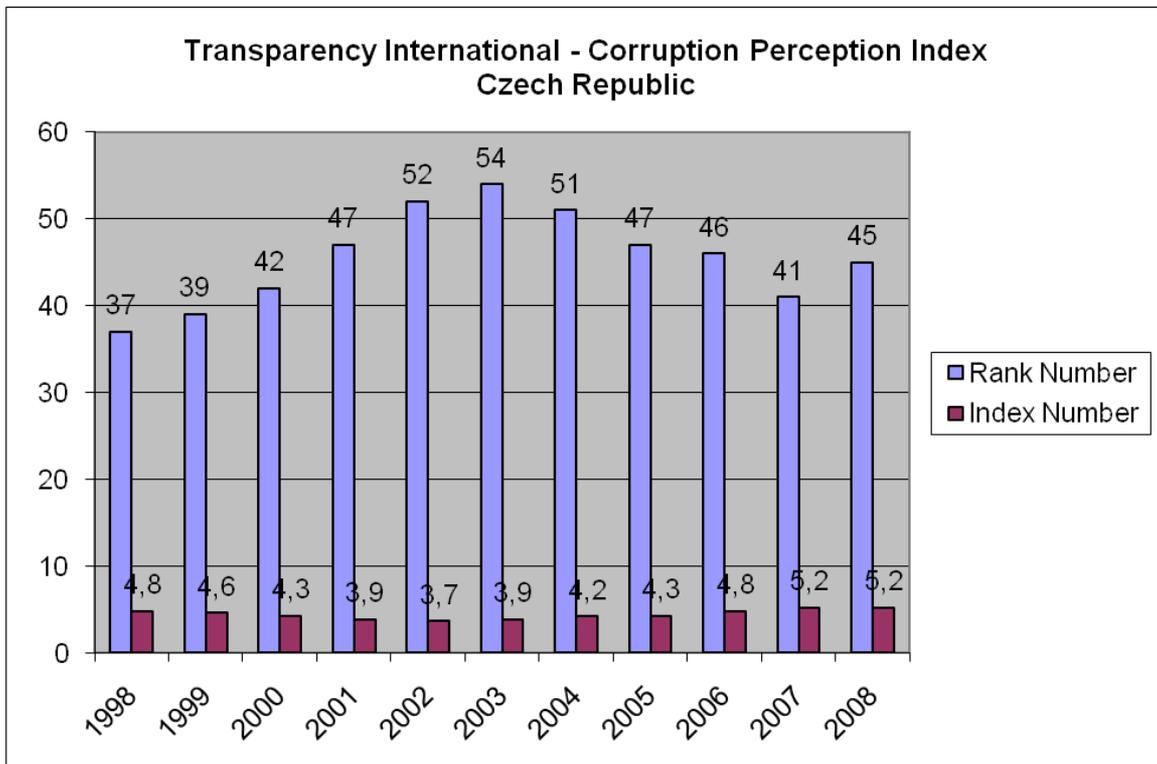
a bribe in the last twelve month; 11% of respondents gave a positive answer. *Although few people encounter corruption directly, the perception of illegal activity, especially concerning the political elite, is widespread. Many view existing anticorruption measures as insufficient to dismantle the intricate web of connections between political and business elites. Lack of transparency in major business deals involving the state remains a serious problem at both national and local levels.*<sup>5</sup> In 2008, the Institute for Social and Economic Analyses (ISEA) published results of an academic survey on corruption perception in the country<sup>6</sup> concluding that 47% of Czechs believe that “quite a lot” or “almost all” Czech politicians are involved in corruption. Similarly, 36% of Czechs believe that “quite a lot” or “almost all” Czech public officials are corrupt. The study also shows that Czechs’ perceptions of corruption are strongly shaped by their social background, such as their income, education and so on; respondents with low marks in all of these areas are prone to perceive the Czech public space more corrupt than others. Further on, the Czechs perceive corruption largely as a problem of justice or unfairness; in particular police work and administrative and legal procedures are seen unfair, advantaging those with more power or resources. A majority (55%) of respondents revealed that they have never been asked for a bribe or favour by a public official over the last five years. Only 2% of respondents expressed that this has happened to them often or very often.

According to the following charts, perceived corruption has been rather declining over the last five years in the Czech Republic, with the exception of Transparency International’s PCI, in which the country slides down the rank of countries (52 place in 2009 with the indexation 4.9). Since the governmental policies seem to have limited impact (and the civil society aims largely at watchdog activities), the explanations offered by ISEA study sees the state of Czech economy as the major variable - as economy becomes more developed, maintains low levels of economic inequality, and has high levels of economic freedom.

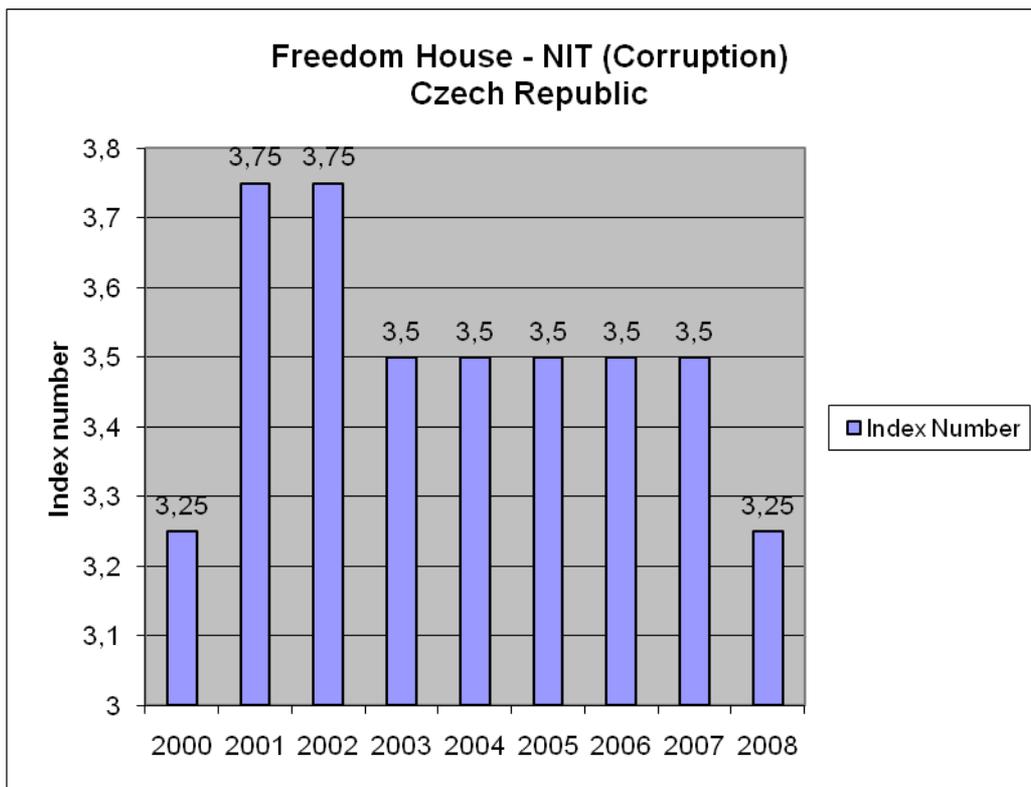
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<sup>5</sup> Freedom House, Nations in Transition 2009, Czech Republic, pp. 14

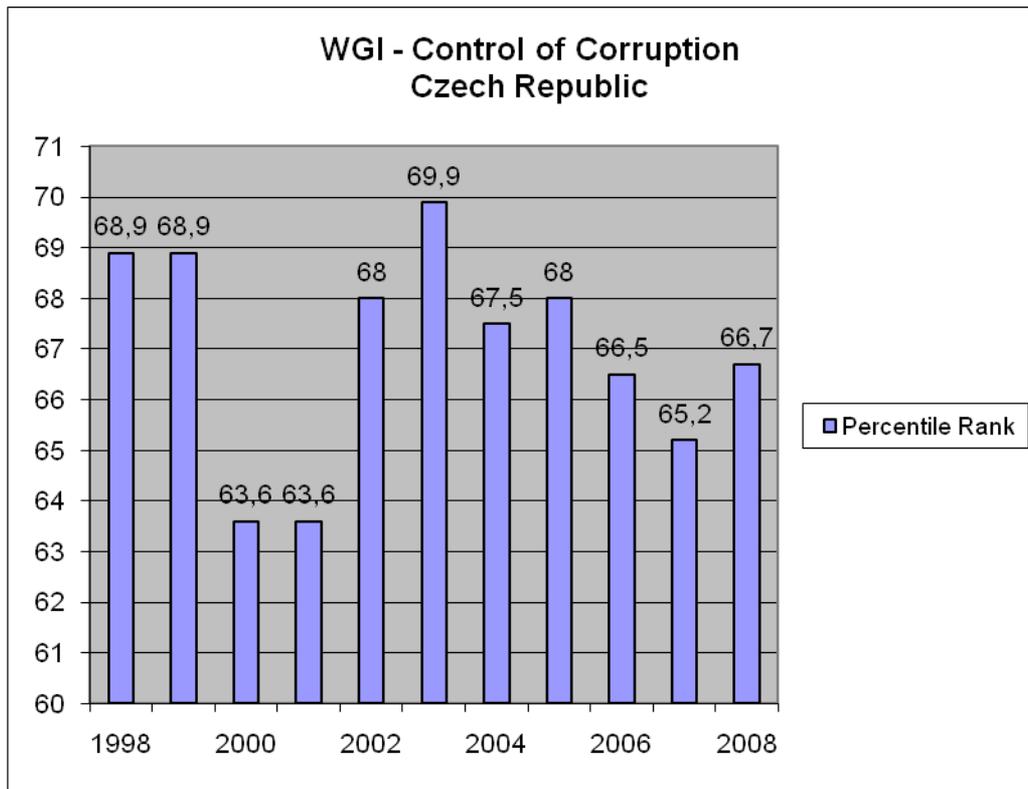
<sup>6</sup> Vnímání a realita korupce v České republice. Nové výzkumy, metody a postupy (Corruption in the Czech Republic: Perception and Reality; New research methods and applications), ISEA, 2008; the book also tackles upon how corruption is measured and studied, and anti-corruption policy.



Source: Transparency International



Source: Freedom House - Nations in Transit



Source: The Worldwide Governance Indicators

The Council of Europe's Group of States against Corruption (GRECO) published the last report on the Czech Republic in 2005 and addressed her with 12 recommendations. The report indicated that the Czech government took various measures to prevent and combat corruption but despite these measures corruption remained a serious problem, especially in the area of public administration. GRECO called for measures to address conflicts of interest, competitive hiring of persons employed in the public sector at all levels, reporting suspicions of corruption and adequate protection for whistleblowers. Regarding the recovery of the proceeds of corruption, GRECO called upon the Czech authorities to ensure that a comprehensive set of legal provisions on interim measures and forfeiture is in place to deprive offenders of the benefits of their crimes. Finally, GRECO stressed the need to establish liability of legal persons for offences of corruption, money laundering and trading in influence and to provide for appropriate sanctions.<sup>7</sup> In November 2006, the ODS-led government (centre-right coalition) adopted the *Strategy of Government in Fight against Corruption for the years 2006-2011* and several positive steps in line with the strategy were taken, including introduction of national anticorruption hotline, operated by Transparency International Czech Republic (subcontract of the Ministry of Interior), the internal audit

<sup>7</sup> GRECO, Evaluation Report on the Czech Republic, available at: [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoEval2\(2005\)7\\_CzechRepublic\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoEval2(2005)7_CzechRepublic_EN.pdf)

of the ministries and central public bodies including the proposals of anticorruption strategies, adoption of new penal code that includes new restriction in the field of money laundering and allows for seizure of illicit income from corruption or efforts to make the public administration more efficient. On the other hand, the Strategy is widely criticized by the civil society due to its vagueness, lack of concrete objectives and measurable benchmarks (see below).

According to Transparency International Global Corruption Barometer 2009, 64% of Czechs considers the government's efforts to tackle corruption ineffective. From the historical perspective, the Czech governments failed in their efforts to implement any substantive anticorruption strategy. In 1997, Václav Klaus (then Prime Minister) suggested offensive measures for better detection of corruption within the public administration. After the alternation in power, the ruling Social Democrats (ČSSD) presented a governmental programme on fight against corruption; copying the Italian template, the programme was called "action clean hands" (1998) with a minister responsible for its implementation. The programme suggested minor changes in the organisational structure of the public institutions, better control mechanism and education of the public officials. Despite improving legislative framework, the social democratic anticorruption strategy proved toothless; during their eight years long tenure, only several dozens of corruption cases got into the courtrooms. In 2006, the ODS-led coalition government took the office and published its *Strategy of Government in Fight against Corruption for the years 2006-2011*. The strategy is regarded as a good step; however, criticized for non-systemic approach and vagueness. It does not define particular obligatory goals to be achieved, or the indicators of success. The coordination element of various policies involved is lacking, as well as the feedback for possible correction of the decision-making mechanisms. The strategy also omits the substantial feature of the Czech corruption milieu – the interconnection of business and political elites at levels of governance. One of the major problems related to corruption is the financing of the political parties and election campaigns; the prevailing lack of political will to substantially tackle the problem of corruption opens the room for bureaucratic approach that is embodied in the 2006 strategy.

Civil society that relates to corruption problems is quite robust in the Czech Republic. Besides the well-known Transparency International Czech Republic, there are other two major single-issue watchdog organisations: Růžový panter (Pink Panther) and Oživení – Bez korupce (Without Corruption). Other organisations implementing anticorruption activities and projects are environmental NGOs – Greenpeace, Ekologický právní servis (Environmental Legal Service) or environmental regional NGOs. There have been notable successes of the civil society, especially in the field of advocacy and lobbying (law on the conflict of interests), monitoring and watchdog activities. Several projects aimed at policy implementation side (legal centres, hotline) have been also done or started, however, such a role of NGO sector is not common.

The citizens have been using the anticorruption NGOs when consulting particular cases of corruption and their legal aspects, and the NGOs are also filing cases on their behalf; however, there is no particular person from the NGO sector that could be labelled a whole-country well-known “anticorruption hero”. Watchdog Růžový panter is reputable for a court case based on the text of one of its press releases that almost destroyed the organisation and stalled its activities for some time<sup>8</sup>; Růžový panter is probably the only truly “independent” corruption watchdog NGO since it accepts no government funding and memberships in the governmental advisory bodies, and due to diverging opinion on the role of the watchdog NGOs, it stopped receiving funds from Open Society Fund Prague, one of the major donors in the country in this field. Its operatives work under cover; only director Iveta Jordanova is publicly known figure. TIC Czech Republic is well-known thanks to its yearly published Corruption Perception Index that is attractive for the media; if there is a Czech civil sector’s “Mr. Anticorruption”, it would most likely be the TIC Director David Ondráčka. Also the representatives of NGO Oživení-Bez korupce (Without corruption) have been visible in the media, covering and filing different cases. Lately, their engagement into the case of project Opencard when the organisation listed the real damages and financial losses counted on the bases of the published project audits brought them into the media spotlight.

An interesting project aiming at linking the local “anticorruption heroes” with similar organisations in other EU member states has been implemented by Environmental Law Service based in city of Tabor. “This project lays the necessary base work to create an NGO service centre 'office' in the CEE region which will have the following two purposes: 1) to provide support for other NGOs in the region in the fields of cooperation, networking, fund raising, and similar issues. 2) to explore the possibilities for those NGOs of work at the EU level. Given the huge possibilities for work in this area; the aim of this project is to map out, by networking the needs for such a 'project incubator' that will boost the long term presence and stability of NGOs in the region.”<sup>9</sup>

Several media campaigns supporting important anticorruption projects (conflict of interests) were implemented, and a PR campaign promoting the anticorruption hotline 199 took place as well. However, the hotline number is rarely known to a common citizen as well as any particular anticorruption project implemented. Before the upcoming elections and with several big scandals unfolding (corruption connected to awarding advanced law degrees at the University of West Bohemia in Pilsen, project Opencard financed by the Prague Town Hall) in the autumn 2009, the public demand to step up the anticorruption efforts is rising. The civil sector (TIC, Oživení- Bez

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<sup>8</sup> In 2004, the organisation focused on then current status of persons involved in to the major case of tax fraud in the Czech Republic, the so called “light heat oil case”. Due to the wording of the press release text, one of the entrepreneurs involved and named in relation to the case filed a case. Pink Panter was sentenced to public apology and 100.000 CZK fine that brought the organisation on the brink of financial breakdown since it had been based on voluntary work and run on very limited budget. For further details please see for example Respekt weekly 38/2007 (in Czech)

<sup>9</sup> See <http://www.watchdog.eps.cz/contacts/>

Korupce, Open Society Fund Prague) used the window of opportunity and published a joint open letter to caretaking government on the fight against corruption that suggests particular measures to be adopted. However, as the media suggest, despite the proclaimed will to tackle the corruption, the caretaking government continues it the line of its predecessors.

The contacts between media and civil society run on individual basis; media use the anticorruption tools developed by some of the NGOs especially in order to look for new interesting cases. Of the journalist known for their coverage of corruption cases, Sabina Slonková is the best known (in 2003, the secretary general of the Ministry of Foreign Affairs Karel Srba plotted and ordered her murder because she reported on his corruption case<sup>10</sup>) as well as the Respekt weekly that has published on corruption and particular cases quite extensively.

Out of the business milieu, the CEO of Unicorn company, a software developer, Vladimír Kovář who was awarded the Businessman of the year in 2008, can be labelled an anticorruption hero after disclosing details about major public contract on new information system for the upcoming 2011 census called by the Czech Statistical Office to the major daily Hospodářské noviny.<sup>11</sup> According to the anticorruption watchdog NGOs, it is important the business leaders in the Czech Republic to stand up against corruption since the willingness of the political elites to tackle corruption will be dropping again after the general elections in May and local elections in autumn 2010.

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<sup>10</sup> Please see for example <http://cpj.org/2003/07/diplomat-convicted-for-conspiring-to-murder-journa.php>

<sup>11</sup> See <http://ekonomika.ihned.cz/c1-39303350-ojedinela-vypoved-podnikatele-roku-vladimira-kovare-korupce-je-vsude>