



CORRUPTION RISKS IN IMPLEMENTATION OF EU FUNDS

Authors of the survey: Kristiina Tõnnisson (PhD)
Maarika Muuga (MA)

*The study is supported by the European Union Programme Hercule II (2007-2013). This programme is implemented by the European Commission. It was established to promote activities to combat fraud affecting the EU's financial interests, including cigarette smuggling and counterfeiting.
(for more information see*

http://ec.europa.eu/anti_fraud/about-us/funding/index_en.htm)"

The study reflects the author's view and that the European Commission (OLAF) is not liable for any use that may be made of the information contained therein. The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

TABLE OF CONTENTS

TABLE OF CONTENTS	2
INTRODUCTION.....	3
METHODOLOGY	4
1. INSTITUTIONS, LEGISLATION AND INSTRUMENTS.....	5
2. RISKS IN IMPLEMENTATION OF EU FUNDS IN ESTONIA.....	10
2.1. Common risks	11
2.2. Risks on the level of management / paying / auditing authority.....	16
2.3. Risks on the first level intermediate bodies.....	17
2.4. Risks on the second level intermediate bodies.....	17
2.5. Risks on the level of final recipients	19
CONCLUSIONS	19
REFERENCES.....	22
Appendix 1. Interviewed institutions	25
Appendix 2. The main legal acts related to implementing of EU fund.....	26

INTRODUCTION

The goal of this project is to analyse risks that can arise during the implementation and use of EU structural funds in Estonia. The study will give an overview about Estonian institutions who are utilising EU structural funds, how the system works and Estonian legislation for EU structural funds. In addition there will be evaluation of the system for implementation of EU funds.

For practical output interviews were conducted with persons who deal directly with the implementation of EU structural funds. The interviews will cover each level of the implementation system of structural funds, including:

- the first level of the implementation system which in this study are Management, Paying and Auditing authorities;
- the second level intermediate bodies (i.e. managing ministries for operational programmes and implementing agencies);
- the first level intermediate bodies (Estonian public agencies or companies such as the Tallinn airport and Enterprise Estonia);
- the last level of the implementation system i.e. Final recipients (local governments, entrepreneurs, non-profit associations, public departments).

In addition, common cross-cutting issues that fall within one or more of these 4 levels will also be addressed. In making this analysis, results from earlier studies regarding the implementation of EU funds will also be included. In addition to identifying perceived common and individual risks, positive aspects in implementing EU funds by levels in Estonia will also be explored.

The study is one part of the international project “EU Funds Watch” that started in 2012. The project is funded by the European Anti-Fraud Office and is coordinated by Transparency International (located in the Czech Republic). The general objective is to collect, analyse and exchange methods for preventing fraud and corruption in the implementation and use of EU funds in participating countries. A related and important goal of the project is to increase the overall knowledge of risks in managing EU funds by public servants.

METHODOLOGY

In preparing this reported, the following activities were undertaken:

- The implementation system of the EU fund in Estonia was analysed, looking at earlier studies, reports and legislation related to the use of EU Funds;
- Based upon this analysis, an evaluation of the overall effectiveness of the EU implementation system was made;
- Interviews were conducted with people who are closely related with implementation of the EU funds to bring out their main viewpoints;
- Based upon this analysis and data gained from interviews, statistics and reports (mostly made by Ministry of Finance), conclusions will identified.

Chapter one will describe Estonia's implementation system of EU Funds, including a brief overview on the capacity of EU Funds in Estonia and related legislation. After that there will be a description of the relevant institutions including their main responsibilities, duties and rights that are operating on different levels. The chapter will conclude with an evaluation of the effectiveness of the system.

The second chapter, will present the results derived from 18 interviews conducted with people who are closely related with the implementation of EU funds. As promised to them, the interviewees will remain anonymous in order to protect them and ensure that answers will be as truthful as possible. Therefore in appendix 1 only the participating institutions. All interviews were conducted with one person at a time and lasted for approximately 60 – 90 minutes. All interviews took place in April-June 2013. The interviewees were selected from among the main institutions that are responsible for implementing EU structural funds in Estonia. Some institutions were selected several times because they are implementing EU structural fund at the different levels that were identified above.

The viewpoints of interviews are brought out in each of the 4 levels of the implementing system: managing, paying and auditing authorities; first level intermediate bodies (including managing ministries for operational programmes); second level intermediate bodies and final recipients. Analysis will however begin with an additional level entitled "Common risks" because there are some risks which apply to all levels. The viewpoints will be compared with the statistics of fraud/violations and audit reports compiled during the 2007 – 2013 period (as compiled by the Estonian Ministry of Finance).

The report will conclude with a synthesis of all the methods used to describe the main results and to make some recommendations on how to improve the implementation of EU Funds in the future.

1. INSTITUTIONS, LEGISLATION AND INSTRUMENTS

Estonia first made use of the European Fund during the period 2004 – 2006 and currently it is in the second period of using EU Funds (2007 – 2013). Estonia learned a great deal from the first implementation period which improved the system and its efforts during the second implementation period. Between 2007 – 2013 Estonia received 3.4 billion euros from the different EU Funds, the biggest being the ERDF with 1.8 billion euros (see table 1).

Table 1. Financial allocation per objective and fund (in period 2007-2013, euros)

Objective and Funds	Community Amount	National Public Amount	National Private Amount	Total	% of total
CF	1 151 731 446	186 334 720	16 912 006	1 354 978 172	33.3%
ERDF	1 860 211 106	204 764 380	191 626 113	2 256 601 599	55.4%
ESF	391 517 329	51 514 377	18 775 822	461 807 528	11.3%
Total	3 403 459 881	442 613 477	227 313 941	4 073 387 299	

Source: Results of the negotiations of Cohesion Policy strategies and programmes 2007–13, European Commission, p 2.

In Estonia there are many different legal acts which govern the use of EU funds. The main document is the National Strategic Reference Framework 2007 – 2013 and the main acts are the 2007 – 2013 Structural Assistance Act, Anti-Corruption Act, Civil Service Act and Public Procurement Act. In addition there are 11 lower level decrees (described in appendix 2).

The Civil Service Act provides the main framework for the performance of the public sector, starting first with the requirement that all duties should be performed without self-interest and pursuant to the public interest¹. The Act also prohibits state officials from serving in the permanent directing or audit bodies of a commercial organization except when doing so as an official representative of the state. Furthermore, he or she cannot receive income from an association or party over which he or she exercises supervision and cannot exercise supervision over an association if he or she is a member of it. A state official may engage in enterprise only with the permission of the person/entity that appointed him and if the enterprise does not hinder the performance of the official's functions or damage their reputation. He or she also cannot exercise supervision over their own enterprise.²

The structure that has been created to oversee EU funds in Estonia includes the following institutions³ carrying out the assigned functions:

- Managing Authority – Structural and Foreign Assistance Department and State Budget Department (Ministry of Finance);
- Paying Authority – European Union Payments Department (Ministry of Finance);
- Auditing Authority – Financial Control Department (Ministry of Finance);
- Leading ministries – Ministry of Education and Research, Ministry of Economic Affairs, Ministry of the Environment;

¹ Civil Service Act, art 51

² Ibid, art 60

³ 2012. aasta auditeerimise aastaruanne, p 6

- 1st level Intermediate Bodies – Ministry of Education and Research, Ministry of Economic Affairs, Ministry of the Environment, Ministry of Finance, Ministry of Social Affairs and Ministry of Interior;
- Final beneficiaries (2nd level Intermediate Bodies) – Ministry of Finance, Ministry of Social Affairs, Road Administration, Estonian Information System’s Authority, The Technical Surveillance Authority, Innove, Archimedes, Enterprise Estonia, KredEx, Environmental Investment Centre, Tallinn Airport;
- Final recipients – local governments, entrepreneurs, non-profit associations, public departments etc.

The Managing Authority ensures compliance of the managing and control systems of the operational programmes with EU requirements and is responsible to the Commission for implementing EU Funds completely^{4&5}.

The Paying Authority authorizes a person to inspect the documents on which the financial reporting of the managing authorities, 1st level intermediate bodies and 2nd level intermediate bodies and recipients of the assistance is based⁶. It also confirms that expenditures are eligible and declares them to the European Commission to apply for structural assistance⁷. The paying authority may conduct additional checks of the payments of assistance made by final beneficiaries. It may suspend the payments if some inconsistency is visible in documents, reports, supervision results of the managing authority, intermediate body or final beneficiary⁸.

The Auditing Authority authorizes a person/agency to audit the managing and paying authorities, 1st level intermediate bodies and 2nd level intermediate bodies and recipients of the assistance. All agencies and persons must allow the audit to be carried out and provide all possible assistance to auditors, including enabling access to data and documents for verifying the accuracy of information and allow to stay on the premises and territory related to the provision and use of the assistance.⁹ The Auditing Authority bases their work on the Standards for professional practice of internal auditors¹⁰. The Standards for professional practice of internal auditors are the standards prepared pursuant to the principles of the Institute of Internal Auditors and on the basis of the international standards for internal auditing. Other standards relating to the professional practice of internal auditors which is not covered by the interpretation of Institute of Internal Auditors shall be provided by the Ministry of Finance.¹¹

Leading Ministries coordinate the assembling of the operational programmes. They call together and manage the Monitoring Committee of Operational programmes. Leading Ministries are also responsible for the preparation and reporting of the communication scheme to the European Commission¹².

First level intermediate bodies are responsible for development and approval of measures. This includes planning of funds for their implementation, developments of principles for grant of assistance,

⁴ 2007-2013 Structural Assistance Act, §7

⁵ 2012. aasta auditeerimise aastaaruanne, p 6

⁶ 2007-2013 Structural Assistance Act, §8

⁷ 2012. aasta auditeerimise aastaaruanne, p 6

⁸ 2007-2013 Structural Assistance Act, §23

⁹ Ibid, §9

¹⁰ 2012. aasta auditeerimise aastaaruanne, p 6

¹¹ Auditors Activities Act, §70

¹² 2012. aasta auditeerimise aastaaruanne, p 6

establishing corresponding legislation and consultation with final beneficiaries during implementation¹³. *Intermediate bodies and final beneficiaries* are responsible for monitoring grants and assistance¹⁴. Below are a brief overview of 6 institutions that are considered first level intermediate bodies:

Ministry of Interior works with grants on the priority axis “Integral and balanced development of regions” of the Operation programme for development of the living environment. In addition, it oversees European regional policy including: cross-border co-operation programmes along internal EU borders, transnational co-operation programmes (covering larger areas of co-operation), the interregional co-operation (INTERREG IVC) and 3 networking programmes (Urbact II, Interact II and ESPON).

Ministry of Education and Research works with European Social Funds and European Regional Development Fund. This Ministry is in charge of managing two priority axes under the Operation Programme for Human Resource Development. First is “Lifelong learning” that provides funding for the development of general and vocational education, youth work, language training, and adult education (biggest programmes are Substantive Development of Vocational Education and the Adult Vocational Training and Development Activities). Second priority is “Higher education, research and development” (biggest programmes are DoRa, Mobilitas, Primus, Eduko).

Ministry of the Environment main priorities are water and waste management infrastructure, development of infrastructures and support systems of sustainable use of environment resources.

Ministry of Economic Affairs and Communication grants for renovation of house (together with KredEx). In addition, it creates new information systems, upgrades the existing ones and improves the safety of public information systems and integrates them (together with the Estonian Informatics Centre).

Ministry of Social Affairs main priorities are good-quality and long working life of the Operational Programme for Human Resource Development. This focuses on improving the quality of working life, promotion of gender equality, welfare measures supporting inclusion to the labour market and health awareness.

Ministry of Finance is responsible for distributing the assistance and for using the assistance purposeful in the programme that should rise the capacities of administration in Estonia (as one part of the Programme for Human Resource Development).

2nd level intermediate bodies are public sector and government agencies or a legal person in private law appointed by the Government of the Republic and authorised to perform the functions of a 2nd level intermediate body. The functions of a 2nd level intermediate body include:

- provision of information on the possibility to receive assistance,
- processing of applications for assistance,
- provision of explanations to applicants and recipients in issues relating to the grant and use of assistance,
- submission of data necessary for preparation of reports concerning the grant and use of assistance,
- preparation and publication of reviews concerning the grant and use of assistance,
- performance of other duties imposed by law, legislation issued on the basis thereof, or administrative contracts.¹⁵

¹³ 2007-2013 Structural Assistance Act, §10

¹⁴ Ibid, §24

A *Final beneficiary* is responsible for provision of information on the possibility to receive assistance, processing of the applications for assistance; provision of explanations in issues related to the grant and use of assistance, etc¹⁵. Important final beneficiary institutions include the following:

Environmental Investment Centre was founded by the Ministry of Finance and is currently supported from three EU funds.

- CF supports large-scale transport and environmental infrastructure projects, providing assistance to economically less developed regions. In the environmental sector, drinking water, wastewater and waste management are priority areas for Cohesion Fund support.
- ERDF supports the development of the economy and infrastructure. In the environmental sector, the main areas of support include the nature protection and environmental education infrastructure, the development of supervision and monitoring, the improvement of preparedness for emergencies, and renewable energy.
- ESF supports employment and helps people educate themselves and obtain new knowledge. In the environmental sector, support is provided for the substantive development of environmental education.

The Environmental Investment Centre is the implementing agency for environmental projects supported from these funds, checking the quality of applications and evaluating their conformity with financing requirements. The Centre also inspects expense documents and analyses the results of projects in order to ascertain if funds were used appropriately. The Centre's tasks are stipulated in administration contracts concluded with the ministries responsible for the measures (currently the Ministry of the Environment and the Ministry of the Interior).

Enterprise Estonia was established in 2000 to promote business and regional policy in Estonia and is one of the largest institutions within the national support system for entrepreneurship, providing financial assistance, counselling, cooperation opportunities and training for entrepreneurs, research institutions, the public and non-profit sectors. Following Estonia's accession to the EU, Enterprise Estonia became one of the agencies implementing EU structural funds in Estonia.

Innove was established by the national government in 2003 as a non-profit foundation. Innove has mediated EU structural Funds assistance since 2004. In 2004 – 2006 Innove was responsible for all ESF and ERDF measures in education. In 2007 – 2013 Innove coordinates Structural Funds assistance in the areas of education and working life within the Operational Programme for Human Resource Development and the Operational programme for the Development of the Living Environment. Innove mediates ESF assistance (over 397 million € in total) and ERDF investments (over 213 million € in total). The Innove Structural Funds Agency's main tasks are counselling and informing applicants and the wider public; processing of project applications, coordinating evaluation and selection procedures; making financing decisions; checking payment claims and submitting payment orders to the Paying Authority; conducting on-the-spot verifications; collecting data for monitoring; dealing with irregularities and recoveries. The agency comprises 5 units: Lifelong Learning; Labour Market; Investment; Monitoring; and Payment.

¹⁵ Ibid, §11

¹⁶ Ibid, §12

Final recipients are enterprises, local governments, unions etc. who apply for funding to support specific projects. The funding process is set to be as transparent as possible with the various checks starting from the application procedure and including also onsite visits/inspections¹⁷. Final recipients are required to comply with audits or supervision and provide all possible assistance for that purpose as well as to follow the requirements of Public Procurement Act and requirements provided by the specific measures¹⁸.

¹⁷ 2007-2013 Structural Assistance Act, § 14

¹⁸ 2007-2013 Structural Assistance Act, § 22

2. RISKS IN IMPLEMENTATION OF EU FUNDS IN ESTONIA

In the period of 2007-2013 Estonia was allocated more than 3.40 billion euros from structural assistance, which will be channelled to the following fields: energy economies, entrepreneurship, administrative capability, education, information society, environment protection, regional and local development, research and development activities, healthcare and welfare, transportation and labour market¹⁹. More than half of the structural assistance comes from the European Regional Development Fund (ERDF) and the remainder from the European Social Fund (ESF) and European Cohesion Fund (CF). In addition to EU Structural Funds Estonia government will add 575 million euros of its own funds for assistance.²⁰

As indicated in the chart below, between 2008-2012 there have been 339 violations when implementing all EU Funds. The financial impact has been 35.1 million euro and only about half of it (52%) has been paid back²¹. As would be expected, the most violations (230) occurred under the ERDF, which is the biggest EU Fund being implemented by Estonia. However, the ERDF makes up 55.4% of total funds, which is less than its proportion of violations (68%). It is more than twice the 98 violations under the ESF (29% of violations, 33.3% of EU funds). Under the CF, only 11 violations occurred (3.2% of violations, 11.3% of EU funds).

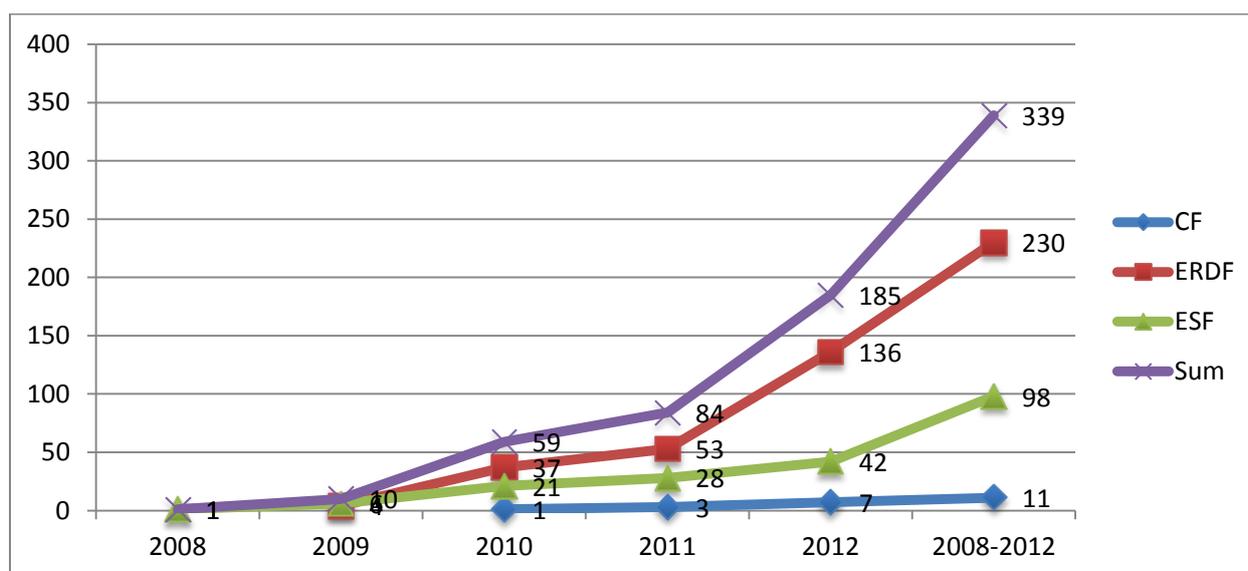


Figure 1. Number of violations (years and funders)²²

Estonia has a background of relatively low corruption. For example, according to Transparency International's Corruption Perception Index for 2012, Estonia ranked 32nd out of 174 countries assessed (16th in Europe and 1st among CEE countries).²³ Freedom House places Estonia among the countries with highest media freedom (11th place in the global chart for 2013)²⁴. However, the numbers of violations that are detected annually has risen in recent years. In 2012 there were 185 violations or possible violations which resulted in an approximate financial cost of 30.6 million euro. Most of the violations were

¹⁹ European Union Structural Assistance to Estonia

²⁰ Euroopa Liidu Struktuuritoetus, Rahandusministeerium

²¹ Programmperioodil 2007-2013 struktuurivahendite kasutamisel avastatud rikkumised, Rahandusministeerium, p 4

²² Ibid, p 5

²³ Transparency International <http://cpi.transparency.org/cpi2012/results/>

²⁴ 2013 Press Freedom Index, Reporters Without Borders, p 20 http://fr.rsf.org/IMG/pdf/classement_2013_gb-bd.pdf

detected by the final beneficiary and were related to rules of procurement (124 cases) and not eligible expenditures.²⁵

As depicted in figure 2, the main institutions who discover the violation are second level intermediate bodies (59.6% of all violations). This could be considered as a positive example, because the second level intermediate body is the first control for final recipients who are using EU funding to carry out real activity. In other words, in more than half the cases, violations are being caught by the first oversight level possible. Information that has come from the third parties and Public Notification has been the 2nd largest source of violations (coordinated by Centre of Registers and Information Systems).

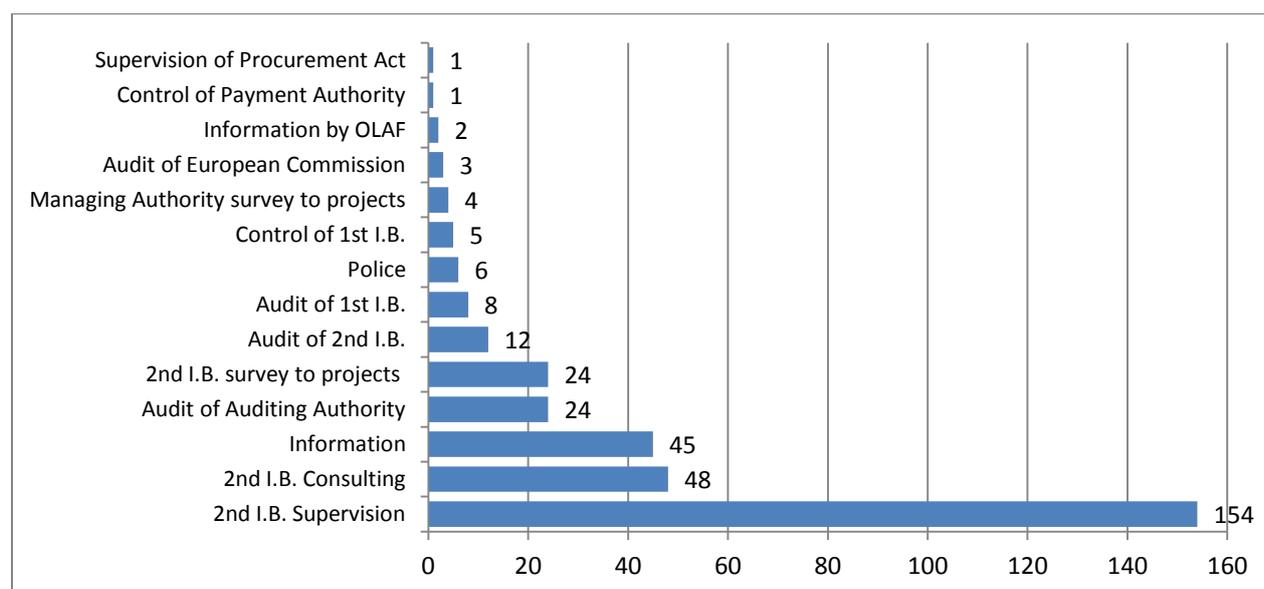


Figure 2. Detection mode by violations and suspicions of based violations²⁶

* I.B. – Intermediate Body, OLAF – European Anti-Fraud Office

In the following sections, the practices and associated risks of implementing EU Funds in Estonia will be described. The risks are mostly based on personal interviews that were conducted between April - June 2013 (see Appendix 1). They were also identified based upon statistics of fraud and violations that the Ministry of Finance compiled each year between 2007 - 2012. The risks are divided to six sections: section 2.1 gives an overview of common risks that are present at all levels while sections 2.2 – 2.6 give overviews of risks present at each of the 5 levels of institutions that implement EU Funds in Estonia.

2.1. Common risks

The common risks regarding implementation of EU Funds in Estonia could be described as deriving from the following points:

- Estonia is a small country which results in:
 - A lack of human and other resources (time, financial resources etc.),

²⁵ Ibid, p 4

²⁶ Programmperioodil 2007-2013 struktuurivahendite kasutamisel avastatud rikkumised, Rahandusministeerium, p 7

- Public sector officials and others are required to fill many different roles (often simultaneously) that might lead to conflict of interests
- Rather high labour turnover that hinders increasing institutional capacity
- Limited time and human resources to concentrate on prevention of fraud and corruption (instead of controlling and discovering fraud)
- Rather complicated legislation and instructions (especially Public Procurement Act)
- Often inadequate communication of public information
- Politics and (hidden) politicize on public positions
- Typical mistakes / fraud cases in public vs private sector are different
- Missing national vision and priorities

Estonia is a small country

With a population of under 1.3 million, Estonia is one of the smallest countries in Europe. The small size influences public administration mostly through the limited availability of resources (most of all human capital). Small population means a small number of actors are involved in administration, there are limited possibilities for specialization and a limited pool of skilled persons to perform indispensable roles in the public service²⁷. It appears both on the level of individual officials as well as for entire public organizations²⁸.

In small countries with limited human capital, it is essential for people to be multi-functional which often includes mixing politics with the bureaucracy as much as it includes mixing other functions²⁹. More tolerance towards movement between the administrative and political spheres can be expected which results in more mobility in practice.³⁰ Consequently, the small scale of the system requires multiple roles and duties to be played by its people. Civil servants are expected to cope with multi-grade and multi-disciplinary duties. When a smaller number of individuals are forced to play multiple roles in carrying out activity, the chances for conflict of interest rises as well as a greater possibility of things 'falling through the cracks' as officials attempt to juggle multiple responsibilities.

The interviews pointed to the conflict of interest that has arisen with many roles of a person and with tendency that in small country almost all know each other. The State Audit Office wrote in 2012 report³¹ e.g. that local government has frequently failed to recuse itself from decision making in cases where there is a common interest with the public servant or his/her relative and thus there is a potential conflict of interest.

According to the interviews, another major problem is high labour turnover and thus less institutionalized knowledge. When one person leaves a position (especially if they have expertise) then there is a lack of knowledge and bigger work load on co-workers. A bigger work load leads to lack of time and increases stress which can lead to mistakes in work. According to the 2007-2013 mid-term evaluation of the EU

²⁷ Sarapuu, Külli (2010) "Comparative Analysis of State Administrations: The Size of State as an Independent Variable." *Halduskultuur – Administrative Culture*, 11 (1), 33.

²⁸ Sarapuu, Külli (2010) "Comparative Analysis of State Administrations: The Size of State as an Independent Variable." *Halduskultuur*, 11 nr 1, p 35

²⁹ Farrugia, Charles (1993) "The Special Working Environment of Senior Administrators in Small States." *World Development* 21 (2), p 222-226.

³⁰ Randma-Liiv, Tiina (2002) "Small States and Bureaucracy: Challenges for Public Administration, p 376" *TRAMES*, 6 (4), 374-389

³¹ Riigikontroll (2012b) "Korruptsiooni ennetamine valdade ja linnade tehingutes", p 2

Fund³² labour turnover has resulted in delays in the timetables of projects and programmes because with labour moves also knowledge and skills and it often takes time to find new person for this work.

In Estonia the recruitment and staff selection processes for the persons working in the field of EU funds are in most cases identical with the processes for recruiting public servants in general. The openings are publicly announced and all interested parties who qualify (e.g. usual criteria are higher education, foreign languages, computer literacy, etc.) might apply. General knowledge about EU and practical experience might be an advantage. There are some positions that require additional qualifications, e.g. the auditors have to apply to Standards of Auditors (except internal auditors). They need to have higher education in appropriate field, but no specific training is required. Also for all other public servants working in the field of EU funds various trainings might be an advantage but no specific training (e.g. training about corruption, fraud) is required. Very often there are 2-4 rounds of testing and/or interviews and there are usually 2-5 people in the selection committee (the supervisor of the position, the HRM person + additional colleagues).

Assets declarations are required to be handed in only by the senior managers (in most cases starting from Heads of Units, but also from Auditors). When the person is planning to leave the position usually there are no restrictions about his/her next workplace. Just in some cases (when the person has supervised certain projects/ programmes) they are not allowed to work for these companies/projects/ competitors during certain period of time (1-3 years).

Labour turnover has in particular impacted the work of first intermediate bodies, second intermediate bodies and final recipients. Related to this is the limited availability and use of experienced project managers by final recipients (for example in local government). Unwillingness to hire quality project managers weakens the ability to coordinate and thus increase the success of projects.³³ Filling important/senior positions in general is also problematic in Estonia.

Limited resources for prevention of fraud and corruption

In Estonia there is not enough attention and resources devoted for prevention of fraud and corruption. This is in part because such activities are usually time consuming and they expect commitment of various parties. The State Audit Office³⁴ has found that duties of corruption foresight remain low especially on the scale of priorities of local government leaders, which has resulted in violations of the Anti-Corruption Act. The most common violations are related to the selection of partners and final recipients who has staff that are closely or directly related with public servant who are responsible for implementing EU Funds. These cases are typically for small amounts of money, but in some cases transactions can be as high as 10 000 euros in some local governments³⁵. Furthermore, many violations of the Anti-Corruption Act occurred because not enough emphasis was made on the importance of detailed requirements of the projects. Accordingly, all involved parties who have instituted these rules and regulations and who follow them should try to make more effort to raise awareness about them.³⁶

The interviewees also emphasized the importance of mid-term evaluations which are not too often carried out in Estonia. Since evaluations focus more on advise about how to improve the systems (not specifically on finding mistakes) they could help identify problems at an earlier stage and thus help staff to learn. In addition, reports might bring out viewpoints that cannot be seen in everyday work (reinforced by

³² Perioodi 2007-2013 struktuurivahendite vahehindamine, CPD and CASS in University of Tartu, p 58

³³ Ibid, p 58-59

³⁴ Riigikontroll (2012b) "Korruptsiooni ennetamine valdade ja linnade tehingutes", p 1

³⁵ Ibid, p 1-2

³⁶ Ibid, p 3-4

lack of staff time and other resource discussed above). Then again according to the interviews most of the people working for the system of implementing EU funds are sharing the common standpoint that there are too many audits carried out in Estonia currently. Often one audit is just ending when another audit is already starting. Thus, if the system could be changed towards having more mindful mid-term evaluations focusing on improvements of the system and fewer audits (e.g. even while combining or coordinating them better), it would be more useful for the system.

Rather complicated legislation and instructions

Legislation and instructions for implementing EU funds are considered in most EU countries generally rather complicated. This is also true for Estonia. It is easier to grasp and understand the rules and requirements by the ones who are dealing with them professionally in their everyday life. Even then quite a few mistakes occur. According to the Mid-term evaluation of EU Fund in period 2007-2013³⁷ a large amount of un-financed costs come from leader ministries and second level intermediate bodies and are mostly related with departments who are dealing with content. This includes designing the measure, monitoring the operational programs and management universally. The interviews and table of violations in using the EU Fund³⁸ demonstrate that the majority of violations are related to making ineligible expenditures as specified in the Procurement Act. Since the Procurement Act has a rather complicated and bureaucratic set of guidelines it often results in different understanding of rules. Quite a few interviewees said that the Procurement Act is overregulated and gives few rights of decision-making to those responsible for giving EU Funds out. Additional guidelines might be long and complicated but as an outcome they still do not give applicants enough information to understand what is allowed and what is not allowed. Interviews revealed that what is the 'correct' criteria might be in some cases very subjective and depends on the person who is making the assessment and/or decision. In addition there have been delays in starting projects because organizing the work of the assessment commission was not competent enough in interpreting the operational programmes³⁹. This confusing situations may also be the result of differences between instructions and the overarching legislation which has led to confusion and different understanding of what is correct (what costs are eligible, what procedures should be followed, etc.). Thus, in addition to intended mistakes overcomplicated rules and legislation are causing additional unintended mistakes.

Inadequate communication of public information

Even if Estonian public in general is considered rather well informed about EU structural funds (possibilities, systems, criteria etc.), communication of public information could be still improved to make the processes more efficient and to prevent the possible fraud. The interviews accent that there could be better communication about their activities and about possible outcomes/ positive examples of structural funds. In addition more effort could be made to ensure that various information notes (e.g. especially procurement advertisements) reach all interested parties. Many procurements are made through the register of E-Procurement Estonia but there are still many institutions and procurements who do not use this environment.

Politics and (hidden) politicization of positions

³⁷ Perioodi 2007-2013 struktuurivahendite vahehindamine, CPD and CASS in University of Tartu, p 92-93

³⁸ Perioodi 2007-2013 struktuurivahendite kasutamisel avastatud rikkumised (2007-2012 IV kv), Ministry of Finance

³⁹ Perioodi 2007-2013 struktuurivahendite vahehindamine, CPD and CASS in University of Tartu, p 40

In a small country, often no clear distinction can be drawn between politicians and public administrators: all those who work within a small system are in a position to influence it directly. Since it is essential for many people to be multi-functional, this applies to mixing politics with bureaucracy as much as it does to other functions.⁴⁰ It is often discussed that Estonian public administration is too politicized and too many decisions are made based on politics rather than on public policies. In reality it is hard to draw a concrete line between them.

The legislative branch in Estonia is characterized by a lack of interest in preventing corruption risks connected to members of the Parliament and adopting anti-corruption reforms. Political parties face similar problems and the reluctance to deal with regulations involving politicians and initiate anti-corruption reforms is one of the public concerns. There is also a lack of transparency in financing political parties and election campaigns. As a result the public trust in the Parliament and political parties is relatively low.⁴¹ This is also affecting corruption and fraud in public sector, but partly due to Anti-corruption Act that was adopted in summer 2012 and came into force on April 1st 2013 the situation in public administration on state level is considered generally "good". More problems have been witnessed on local level. Therefore the interviewees pointed out that the corruption in Estonia is moving either to the top of the system (to political level) or to the bottom of the system (local level, final recipients) where it is the most difficult to detect it effectively.

Typical mistakes / fraud cases in public vs private sector are different

According to the interviewees there are more opportunities/measures to minimize/manage risks in the public sector than in the private sector while implementing EU funds. Because of constant control and monitoring activities (e.g. the rule of "four eyes") fraud caused by public administration is often based on unawareness and/ or unintended mistakes. Of course, there are also the cases when intended mistakes are made (playing around with numbers in timesheets, helping to write/ writing applications for applicants' sake, etc.) as the intended deeds of corrupted public administrators. In private sector most fraud is occurring in fake bills, mismanagement of funds, incorrect data etc. Since for private sector there are high incentives to show its own contribution higher than it is in reality (in order to maximize the EU contribution this way it could cover until 100% of the costs), rather a common fraud is "playing around with self-financing". Since the public sector does not have this incentive, the frauds in public sector are more connected to making decisions for someone's favour. In case of intended fraud in public sector "the beneficiary" is the corrupted public servant him-/herself, not the final recipient. In case of intended fraud in private sector "the beneficiary" is usually the final recipient. Different patterns in fraud in public vs private sector require also different approach and skills from monitoring/ auditing parties.

Lacking national vision and priorities

A substantial part of the EU funds in Estonia will be implemented based on the national investment plan. According to the interviews the lacking national vision and priorities might create suspicions about how and why certain objects are chosen for the investment. The process how the investment plans on national level are made are not too well explained and understood by different parties. If there is no clear and commonly approved/ understood national strategic vision, it is easy to change priorities on political level and it might increase the risk for (deceptive) political corruption. As it was pointed out by the

⁴⁰ Randma-Liiv, Tiina (2002) "Small States and Bureaucracy: Challenges for Public Administration, p 376" TRAMES, 6 (4), 379

⁴¹ Kasemets, A. (2012) "The Long Transition to Good Governance: the Case of Estonia" presented at the XXII World Congress of International Political Science Association", p 61

interviewees the final priorities might have their real roots more in the political programmes and in the promises (to some interested parties) than in real needs based on various analysis.

2.2. Risks on the level of management / paying / auditing authority

Risks identified in Estonia on this level concentrate mostly around the following aspects:

- Ministry of Finance as centre of competence
 - Management, payment and auditing are all carried out within one agency
 - Negotiation from power position
 - In case of conflicting opinions from the Ministry of Finance...

In Estonia – management, paying and auditing authorities – they all operate out of one ministry – the Ministry of Finance. The results of the interviews indicate that the Ministry of Finance has become a centre of competence dealing with all possible questions about implementing EU Funds. This means that most of the knowledge that impacts the different levels of the system is held within the Ministry of Finance. This situation can and has led to two opposing perspectives on the potential effects of anti-corruption efforts. On the one hand, some interviewees expressed the viewpoint that it is reasonable that the Ministry of Finance act as a centre of competence. At least it is clear that this institution in Estonia has the general competence. Conversely the question arises how possible and advisable is to keep all these authorities in one institution with common management. Giving this much power to one institution could potentially lead to imbalances of power within the system. It could lead to the Ministry of Finance having an unfair advantage when negotiating with other institutions. As pointed out by the interviewees – even if the different authorities should act independently, then finally there is still the opinion of “Ministry of Finance” (not the opinion of Auditing Authority or Paying Authority) and the others around the table.

According to the interviews there are also some bottlenecks between managing, paying and auditing duties and/or understanding/interpretations of regulations. It might happen that these authorities interpret the legislation differently and/ or that they interpret the situation in one way but other ministries interpret it in another way. If there is a difference of opinions then institutions at lower levels suffer. If the second level authority wants to prevent possible mistakes and asks for consultation from one of these authorities located in Ministry of Finance in advance, then this advice is not always considered binding and might not be valid later (E.g. there was one case regarding ineligible expenditures on renovating Tallinn TV Tower with EU Funds where there were and are different opinions between Enterprise of Estonia (first level intermediate body) and Ministry of Finance. The first level intermediate body believed that all cost were made correctly but the Ministry of Finance disagreed⁴². A similar case occurred with building the Paldiski zinc-plating factory⁴³). Thus, for other parties outside of the Ministry of Finance it might be good to have a centre of competence for implementing EU funds in Estonia on one hand, but in reality it might become also rather confusing or even problematic on the other hand.

⁴² Nergi, A.-N. (2012) “EAS soovib teletorni miljonieurose tagasinõude katmist riigilt”, article

⁴³ Reimer, A. (2012) “Riik nõuab EAS-i toetuse intressidega tagasi”, article

2.3. Risks on the first level intermediate bodies

Risks identified in Estonia on the first level intermediate bodies concentrate mostly around the following aspects:

- Processes for developing the programmes
- Uneven capacity among 2nd level intermediate bodies to whom to delegate the programmes
- Too many small projects

Though in general the processes for developing the concrete programmes for implementing EU funds are rather well in place in Estonia, there are still concerns how much different stakeholders are involved in various processes and how much different voices are heard. Especially Estonian third sector would like to be more actively on the picture (e.g. there are talks if Estonia should follow the examples of other countries where there is a rule that through third sector certain percentage of EU money should be implemented). Otherwise the communication among the first and the second level intermediate bodies seemed to be fine for both sides. There were no major concerns that the information is not shared or the views and opinions are not taken into account. Still, some interviews expressed that under the current system, there are not enough chances for the first level of intermediate bodies to intervene to the work of the second level of intermediate bodies in case of major need/ concern. For example, in one instance Enterprise Estonia, was found to be giving assistance for activities which started before becoming eligible for assistance and is forbidden by EU Commission regulations⁴⁴. As a result, Enterprise was at risk to pay back all the financial assistance⁴⁵ (8.5 million euros for 58 projects). Of course there are various reasons for such situation, but as it was pointed out by some interviewees, some more possibilities for interventions from the first level intermediate bodies might be useful. Then again, it should be taken into account that each situation should be approached case by case. It is not needed more audits, but more helpful information and guidance in advance. In addition, the interviewees expressed that uneven levels of capacities exist among the second level intermediate bodies, which is also one of the reasons why there are plans to reduce the number of second level intermediate bodies in Estonia for the next period.

The one risk according to the interviews are also the high number of small projects being implemented during the current programme period. On one side they might give to the recipients/ to the society feeling that all interested parties got something and no one was rejected, but finally they do not help to reach the general outcome. The implementation, control and monitoring of numerous small projects are relatively expensive and might become inefficient. If the programmes would concentrate in the future more on the bigger projects, it could be more beneficial for the whole county. Again, in this case following the rules of transparency throughout the processes is becoming even more important.

2.4. Risks on the second level intermediate bodies

The risks on the second level intermediate bodies implementing EU Funds in Estonia include mostly the following aspects:

⁴⁴ Ibid

⁴⁵ Jõesaar, T. "Firmad peavad EAS-i valesti jagatud toetused kolme kuuga tagasi maksma", 03.10.2012, article

- conflict of interests of various parties
- controlling the projects
- frauds in expenses/bills and police

Conflict of interests

As described above, Estonia is a small country which means that agencies and organizations must use fewer people who play multiple roles. According to the interviews, conflicts of interests might occur most often on second level intermediate bodies where the multiple roles played by the staff and the experts and the boards can easily result in conflicting situations. Even if the conflict of interest is described in various documents and contracts, finally each expert and official working within the system is responsible for identifying when a conflict of interest exists. It might lead to the situation when there is a thin line between the situation where a conflict of interest occurs and where it does not occur. Even when in most cases the common understanding of these lines is existing, quite a few interviewees were uncertain as to where exactly to draw the line in more specific cases. In addition, if the people are good friends or hidden business partner then conflict of interest is much harder to identify and prevent. E.g. the interviews showed that there have been cases when labour in first intermediate body have consulting or even writing the application for the project that the same worker is assessing. The worker can consult the applicants but this should take place within certain borders. For example there was a fraud cases connected to a public servant who worked firstly in Ministry of the Environment and later in Environmental Investment Centre and who was also the member of assessment commission of applications. The person helped to write the project that was evaluated by the assessment commission where also he was present⁴⁶.

Controlling the projects

In some programmes all projects are controlled, in other programmes a random control is used. Sometimes only the papers are controlled, sometimes at least one site visit is required during the implementation process of the programme. If the authorities are using random control, then it is based on a certain formula taking into account the size of the projects, the level of possible risks, etc. In most cases the authorities have resources and knowledge to control the papers, expenses and receipts, the content and outcome of the projects are not so much in the centre of attention. This means that for the controllers the forms of the documents and eligible of expenditures are often the most important aspects of the controlling⁴⁷. There are not enough follow up over reaching the broader goals⁴⁸. Additionally, in the second intermediate bodies often the persons working in implementation of EU funds have double fold responsibilities – on one hand they need to help and advise the projects, on the other hand they need to control them. This role might create in some situations additional conflicts.

Frauds in expenses/bills and police

Another risk involved in implementing EU Funds is reliability and proof of data/ receipts. This risk is considered higher in projects implemented by private sector. As described above there might occur both intentional and unintentional mistakes (mistakes in timetables, fake bills, etc.). Both mistakes are treated equally and they have got rather heavy attention both from Estonian public and journalism. In case of

⁴⁶ Teder, M. (2012) „Brüssel nõuab korruptsiooni tõttu Eestilt tagasi 9 miljonit eurot”, article

⁴⁷ Riigikontroll (2012a) ”Euroopa Liidu raha kasutamine valdade ja linnade sotsiaalse taristu arendamisel”, p 2-3

⁴⁸ Riigikontroll (2012a) ”Euroopa Liidu raha kasutamine valdade ja linnade sotsiaalse taristu arendamisel”, p 2

serious suspicion the agencies are encouraged to contact police. Still, most agencies are not too keen and active to take advantage of that. They are not used to turn to the police nor they might not have enough resources for that. The again, quite a few cases discovered by the police show that the situations have become so complicated that without additional resources of police it would have been rather impossible to discover the fraud. Additionally Estonia introduced also the anonymous “corruption/ fraud” telephone already some time ago, but based on the interviews this option does not provide too much input for investigations.

2.5. Risks on the level of final recipients

The risks related to the final recipients in implementing EU Funds in Estonia are mostly the following:

- Bankruptcy or liquidation of final recipients
- Failure to maintain proper documentation

According to the interviews two main risk factors in particular are relevant for final recipients (in addition to the previous ones mentioned above). The first is that some cases are ended with bankruptcy of the final recipients. Many Estonian organizations are small ones, meaning that they have lower ‘margins for error’ and in the case of civil society organizations (i.e. NGOs and nonprofits) they have little operating reserves and must survive from project funding. Of course the other major cause of this is by illegal activities undertaken by one or more principals within an organization. Although some convictions occur in this area, many cases are missing evidence so that charges must be dropped.

Also failure to maintain proper documentation regarding activities funded with EU money has several related issues. First, it decreases the possibility of transparency and increases the chances for fraudulent activity. Furthermore, it increases the chances that fraud will not be identified by oversight agencies. Finally, it can lead to non-compliance with regulations and result in the reclaiming of funds.

CONCLUSIONS

Estonia has both more positive (e.g. the principle of “four eyes” implemented during the most decision making processes in public sector, etc.) and less positive (e.g. overemphasis on controlling rather than advising, etc.) examples of implementing EU Funds. In general (and also based on the feedback of EC and in comparison with other EU and/or other CEE countries) the situation in Estonia could be described as “good”. The systems and procedures are in place, the principles are in most cases followed. Still, there is a certain implementation gap based on uneven knowledge and experience among various public bodies and concrete public servants responsible for certain programmes. Both intended and unintended mistakes occur, both by public and private sector though their common characters are often different as described above.

There are some processes that have become easier during the programme period (e.g. co-ordination procedures among bodies) and some processes that have become more complicated (e.g. the increasing amount and level of auditing). In general, institutional capacities have increased in Estonian public sector,

though abilities and willingness to cooperate among public institutions is not still too high. During the implementation period many processes have been improved and updated, the organizations themselves have become more competent and the experts they are using have become more professional. The general knowledge level in Estonian public sector about “how the things have to be done” has increased. Thus, with every year the activities for implementation of EU Funds have become and are still becoming more thoughtful and purposeful. There are both pro and contra arguments about Management, Paying and Auditing Authorities being within one Ministry, but at least the system is in place and people are more or less used to that. Then again, there is a need for more centres of competence (especially in the areas of public procurements) to whom the officials could turn in case of doubts or questions.

Also Anti-corruption Act has been rather heavily introduced and discussed among public servants. In general there is a fear among public servants to make mistakes or to behave in a way that might be considered as deceptive corruption. This has led to the situation where corruption is moving from the centre (public agencies) more to the top (political corruption) and to the bottom (final recipients) where it is more complicated to discover it. Since the politicization of the public administration has been an issue in Estonia for some time already, more attention should be paid for sharing information about how and based on what the decisions are made on top of the system e.g. cc the national investment plan.

Currently the weakest area of implementing EU Funds is public procurement. The law itself is considered very confusing and the processes are considered very bureaucratic and knowledge intensive that many public institutions do not possess on required level. In general, the procedures and rules for implementing EU funds are considered rather complicated but that is not the case just in Estonia. There are quite a few trainings provided to public servants, but more trainings specifically in the field of public procurement are expected. On the other hand biannual meetings for all staff active in implementing EU funds organized by the Ministry of Finance are often including some training aspects and this initiative could be considered as a positive example in implementing EU funds.

While taking into account the possible risks, more emphasis should be put on preventive activities and on increasing the general knowledge of general public about possible risks and drawbacks. The controlling function could focus more on outcomes and content in addition to controlling the papers and documents. On the other hand, Estonian random selection system is working rather well. Each institution should find its own balance in this system, but it is suggested to find additional motivational ways in order to keep good public servants working in implementation of EU funds. The public institutions should be more encouraged to turn to the police in case of serious suspicion. They could do that already in the beginning of the suspicion in order to facilitate the following process. More emphasis could be put on the second level of intermediate bodies in order to even the competence among them.

The processes of development of the programmes could more actively involve third sector in order to increase their role in implementation of structural funds (both in planning and implementation stage). The number of the small projects could be decreased in order to concentrate more on bigger substantial projects that will hopefully have bigger impact on the society. The processes still going on and still looking for a right and adequate balance are the processes around the general controlling and auditing functions - how often, by whom, about what, how etc. Also more concrete national vision about priorities would be useful in order to make maximum out of the programmes and in order to decrease potential fraud.

REFERENCES

2007-2013 Structural Assistance Act

[<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=XXX0003K2&keel=en&pg=1&ptyyp=RT&tyyp=X&query=perioodi+2007>] 10.06.2013

Corruption in Estonia: study of three target groups in 2010, Summary, Transparency Estonia

[<http://www.just.ee/orb.aw/class=file/action=preview/id=51296/Korruptsiooniuuringu+kokkuv%F5te+EN.G.pdf>] 14.06.2013

2012. aasta auditeerimise aastaaruanne, Ministry of Finance [<http://www.fin.ee/valisvahendite-auditid>] 30.05.2013

2013 Press Freedom Index, Reporters Without Borders [http://fr.rsf.org/IMG/pdf/classement_2013_gb-bd.pdf] 12.06.2013

Auditors Activities Act

[<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=XXXXX21K1&keel=en&pg=1&ptyyp=RT&tyyp=X&query=audiitortegevuse>] 11.06.2013

Civil Service Act

[<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=2013X11&keel=en&pg=1&ptyyp=RT&tyyp=X&query=avaliku+teenistuse>] 10.06.2013

Euroopa Liidus Struktuuritoetused, Rahandusministeerium [<http://www.fin.ee/euroopa-liidu-struktuuritoetused>] 11.06.2013

European Union Structural Assistance to Estonia [<http://www.struktuurifondid.ee/en/>] 11.06.2013

Jõesaar, T. "Firmad peavad EAS-i valesti jagatud toetused kolme kuuga tagasi maksma", 03.10.2012, Eesti Päevaleht [<http://www.epl.ee/news/eesti/firmad-peavad-eas-i-valesti-jagatud-toetused-kolme-kuuga-tagasi-maksma.d?id=65052550>] 03.06.2013

Kasemets, A. (2012) "The Long Transition to Good Governance: the Case of Estonia" presented at the XXII World Congress of International Political Science Association" Madrid, July 8 – 12 2012, Working Paper No. 32 European Research Centre for Anti – Corruption and State-Building

[<http://www.againstcorruption.eu/wp-content/uploads/2012/09/WP-32-Long-Transition-Estonia1.pdf>] 14.06.2013

Kuul, M (21.06.2012) "Riigiprokuratuur lõpetas osaliselt Tsätko ja Priske süüasja", ERR, article

[<http://uudised.err.ee/index.php?06255673>] 13.06.2013

Luts, P. (17.11.2010) "Tsätko ja Priske said kahtlustuse kuriteos", Postimees, article

[<http://uudised.err.ee/index.php?06219415>] 05.06.2013

Money, Politics, Power: Corruption Risks in Europe (2012), Transparency International

[http://www.transparency.ee/cm/files/2012_corruptionrisksineurope_en_0.pdf]

Nergi, A.-M. (18.10.2012) "EAS soovib teletorni miljonieurose tagasinõude katmist riigilt", article [<http://arileht.delfi.ee/news/uudised/eas-soovib-teletorni-miljonieurose-tagasinoude-katmist-riigilt.d?id=65128412>] 14.06.2013

Perioodi 2007-2013 struktuurivahendite kasutamisel avastatud rikkumised (2007-2012 IV kv), Ministry of Finance [<http://www.fin.ee/toetustega-seotud-rikkumised>] 03.06.2013

Perioodi 2007-2013 struktuurivahendite vahehindamine, CDP and CASS in University of Tartu, evaluation report [<http://www.ec.ut.ee/et/rake/teostatud-projektid>] 24.04.2013

Randma-Liiv, Tiina (2009) "Avaliku teenistuse seaduse eelnõu (538 SE). Ekspertarvamus" [http://www.riigikogu.ee/?rep_id=577301] 11.06.2013

Randma-Liiv, Tiina (2002) "Small States and Bureaucracy: Challenges for Public Administration", *TRAMES*, 6 nr 4, p 374-389.

Reiner, A. (30.11.2012) "Riik nõuab EAS-i toetuse intressidega tagasi", article [<http://arileht.delfi.ee/news/uudised/riik-nouab-eas-i-toetuse-intressidega-tagasi.d?id=65339294>] 14.06.2013

Results of the negotiations of Cohesion Policy strategies and programmes 2007–13, European Commission [http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/negotiation/country_ee_en.pdf] 12.06.2013

Riigikontroll (2012a) Euroopa Liidu raha kasutamine valdade ja linnade sotsiaalse taristu arendamisel. [<http://www.riigikontroll.ee/tabid/206/Audit/2205/Area/1/language/et-EE/Default.aspx>] 11.06.2013

Riigikontroll (2012b) Korruptsiooni ennetamine valdade ja linnade tehingutes. [<http://www.riigikontroll.ee/tabid/206/Audit/2269/OtherArea/1/language/et-EE/Default.aspx>] 11.06.2013

Riigivalitsemise reformikavade järgmised sammud [[http://praxis.ee/index.php?id=27&tx_ttnews\[tt_news\]=1869&cHash=f72f6edcef](http://praxis.ee/index.php?id=27&tx_ttnews[tt_news]=1869&cHash=f72f6edcef)] 15.05.2013

Roonemaa, H. (20.11.2009) "Ministeeriumi nõunikul pistise võtmise kahtlus", article [<http://arileht.delfi.ee/news/uudised/ministeeriumi-nounikul-pistise-votmise-kahtlus.d?id=51182889>] 14.06.2013

Sarapuu, Külli (2010) Comparative Analysis of State Administrations: The Size of State as an Independent Variable. *Halduskultuur*, vol 11 nr 1, p 30-43 [<http://halduskultuur.eu/journal/index.php/HKAC/article/view/12>]

Struktuuritoetuste 2007-2013 rikkumiste tabel, Ministry of Finance [<http://www.fin.ee/toetustega-seotud-rikkumised>] 11.06.2013

Teder, M. (18.09.2012) "Brüssel nõuab korruptsiooni tõttu Eestilt tagasi 9 miljonit eurot", *Postimees*, article [<http://www.postimees.ee/976582/brussel-nouab-korruptsiooni-tottu-estilt-tagasi-9-miljonit-eurot>] 13.06.2013

Transparency International [<http://www.transparency.org/country#EST>] 12.06.2013

Uudelepp, Annika; Randma-Liiv, Tiina and Sarapuu, Külli (2013) Coordination Practice: Development of the Estonian Top Civil Service [www.cocops.eu/wp-content/uploads/2013/06/Estonia_CGov_Top-Civil-Servants.pdf] 11.06.2013

Uued juurdlusmenetlused tõhustavad OLAFi tegevust, Euroopa Pettustevastane Amt (OLAF) [http://ec.europa.eu/anti_fraud/media-corner/press-releases/press-releases/2013/20130523_01_et.htm] 12.06.2013

APPENDIX 1. INTERVIEWED INSTITUTIONS

1. A non-profit organization
2. A private organization
3. A public University
4. Archimedes
5. Enterprise Estonia (EAS)
6. Estonian Internal Security Service (KAPO)
7. Innove
8. KredEx
9. Ministry of Economic Affairs and Communications
10. Ministry of Education and Research
11. Ministry of Environment
12. Ministry of Finance
13. Ministry of Social Affairs

APPENDIX 2. THE MAIN LEGAL ACTS RELATED TO IMPLEMENTING OF EU FUND

Strategy:

- National Strategic Reference Framework 2007-2013

Acts:

- 2007-2013 Structural Assistance Act
- Anti-Corruption Act
- Civil Service Act
- Commercial Code
- Public Information Act
- Public Procurement Act
- Accounting Act
- Authorised Public Accountants Act

Decrees (11 lower level decrees)

- Conditions and Policies for Accreditations for Structural Assistance giving and organizing Institutions for Period 2007-2013
- Determination for Structural Assistance giving and organizing Institutions for Period 2007-2013
- Conditions and Policies for Expenses of Eligibility Criteria of Structural Assistance for the Period 2007-2013
- Conditions and Policies for Notification and Public Disclosure of Using and Giving Structural Assistance and Conditions and Policies for Marking the Financed Objects and Referring to European Union of Structural Assistance
- Procedures for Monitoring, Assessment and Establishing Monitoring Committee of Structural Assistance for Period 2007-2013
- Procedure for Submission of Declarations for Performance of Structural Assistance and Self-Financing Audit for the Period 2007–2013 and Procedure for Submission of Closure Declarations and Declarations for Partial Closure
- Conditions and Policies for Informing the Infringements in Reclamation and Refunds of Assistance and Giving and Using Assistance
- Statute for Maintaining State Register of Structural Assistance
- Conditions and Policies for Payment of Structural Assistance for Period 2007-2013
- Terms, Policies and Forms for Reporting for Using and Payment of Structural Assistance for Period 2007-2013
- Conditions and Policies for Giving and Using Support of Measures of Technical Assistance and Horizontal Technical Assistance for the Period 2007-2013
- Conditions and Policies for Using State Register of Structural Assistance