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Greco RC-I (2003) 6E
Addendum

First Evaluation Round

Addendum to the Compliance Report on Estonia

Adopted by GRECO
at its 25th Plenary Meeting
(Strasbourg, 10-14 October 2005)

I. INTRODUCTION

1. GRECO adopted the First Round Evaluation Report on Estonia at its 6th Plenary Meeting (10-14 September 2001). This Report (Greco Eval I Rep (2001) 7E) was made public by GRECO, following authorisation by the Estonian authorities on 14 September 2001.
2. The Compliance Report (Greco RC-I (2003) 6E) concluded that four recommendations (iii-vi) had been implemented satisfactorily and five recommendations had been dealt with in a satisfactory manner (ii, vii, viii, x and xii), whereas three recommendations had been partly implemented (i, ix and xi); GRECO requested additional information on the implementation of the latter. The additional information was submitted on 22 April 2005.
3. Pursuant to Rule 31, paragraph 9.1 of GRECO's Rules of Procedure the objective of the present Addendum to the First Round Compliance Report is to appraise the implementation of recommendations i, ix and xi, in the light of the additional information referred to in paragraph 2.

II. ANALYSIS

Recommendation i

4. *GRECO recommended Estonia to make the existing efforts against corruption more coherent and more effective. Governmental action plans should aim at developing early detection strategies; enhancing research on infected and vulnerable sectors; promoting implementation of the Code of conduct and the principle of mandatory reporting among all law enforcement officers; restoring a proper control over the most affected sectors and encouraging the use of multidiscipline task forces able to formalise strategic proposals. Moreover, such global initiative should support awareness and understanding raising events about the impact of corruption, review recruitment, salary schemes, administrative decision-making process and establish a working group responsibility involving all agencies and institutions concerned with the fight against corruption and entrusting it with the task of coordinating global anti-corruption policies.*
5. GRECO recalls that in the RC-report it acknowledged that notable progress had been made with regard to the implementation of this recommendation. GRECO noted however that concrete 'action plans', in order to comply with the recommendation and the Corruption Prevention National Programme (CPNP), were still to be adopted and/or implemented and concluded that Estonia should continue to make the existing efforts against corruption more coherent and more effective. It therefore asked the Estonian authorities to submit additional information on the 'action plans' to be adopted.
6. The Estonian authorities reported that the government had formed a new Ministerial Anti-Corruption Committee in May 2003 and that in December 2003 this committee approved the Anti-Corruption Strategy "Honest State". This strategy, which was adopted by the Estonian Government on 19 February 2004, proposes a number of specific steps aimed at reducing the risk of corruption in Estonia, including measures to promote awareness of corruption and encourage ethical conduct, to develop early detection strategies, and to strengthen specialisations of police and prosecutors in investigating and prosecuting corruption offences. The Estonian authorities outlined that the objective of the strategy is to limit opportunities for corruption to take place and to increase intolerance of corruption. The authority responsible for the implementation and supervision of the strategy is the Ministry of Justice, in conjunction with the Ministry of Internal Affairs, the State Chancellery and the Ministry of Finance.

7. GRECO took note of the new information provided and welcomes the new Anti-Corruption Strategy “Honest State”, which includes aims and proposals to address the issues raised in the recommendation. GRECO commends the Estonian authorities for the progress made in implementing the measures proposed in this new strategy. Although some of the specific issues referred to in the recommendation have not been implemented in their entirety, the overall progress in making existing efforts more coherent and effective is significant.
8. GRECO concludes that recommendation i has been dealt with in a satisfactory manner.

Recommendation ix

9. *GRECO recommended to familiarise public decision makers with the purposes of audit and to re-examine the role of the SAO and Financial Control Department (FCD) of the Ministry of Finance and to submit local governments to appropriate auditing procedures.*
10. GRECO recalls that in the RC-report it welcomed the improvements made in order to familiarise public decision makers with the purposes of audit and the role of the State Audit Office (SAO). Furthermore, GRECO was confident that on the basis of recommendations made by the SAO the necessary measures would be adopted to submit local governments to appropriate auditing procedure and that once these measures were implemented it would comply in theory with recommendation ix.
11. The Estonian authorities reported that by the State Audit Office Act and Local Government Organisation Amendment Act of 31 May 2005, which will take effect on 1 January 2006, the SAO was given authority to audit local governments. GRECO welcomes this.
12. GRECO concludes that recommendation ix has been implemented satisfactorily.

Recommendation xi

13. *GRECO recommended to free the PPO from improper influences and to review the decision-making process. The PPO should be more actively involved in proactive work (e.g. typologies summaries) and purveying of specialised training for members of other agencies to support the new burden of work of administrative courts.*
14. GRECO recalls that it welcomed the measures taken in order to provide training in public procurement procedures but that it would have liked to have further detailed information on the measures aimed at improving the functioning and independence of the Public Procurement Office (PPO), how it was freed from any kind of political interference and whether new legislation of April 2001, which increased the jurisdictional responsibility of the PPO in the annulment of tenders and the execution of contracts, had improved the situation or not. Further information as to amendments to be adopted by the end of 2003 to bring the Public Procurement Act into conformity with EU directives would also be welcomed.
15. The Estonian authorities reported that the changes to the Public Procurement Act, which were implemented in 2001, significantly altered the functions of the PPO. As from this date the PPO no longer had any direct role in public tenders, but only acted as a supervising authority in respect of the implementation of public contracts and the compliance with procedures for public procurement. The Estonian authorities also reported that a new draft law on public procurement

was under consideration by Parliament and was expected to be adopted in 2006. On the basis of this draft law, the PPO will be given further investigative powers; moreover, a dispute settlement mechanism will be created either by establishing a special tribunal for procurement matters separate from the PPO or by providing a mediation procedure within the PPO.

16. GRECO took note of the new information provided by the Estonian authorities and considers that the functions of the PPO have changed in such a way that improper influence on its decision-making appears to be unlikely and thus would not have an impact in the way envisaged at the time of the First Round Evaluation Report. Moreover, GRECO is confident that the forthcoming amendments to the Public Procurement Act will further improve public procurement procedures.
17. GRECO concludes that recommendation xi has been dealt with in a satisfactory manner.

CONCLUSION

18. In addition to the conclusions in the First Round Compliance Report on Estonia and in view of the above, GRECO concludes that recommendation ix has been implemented satisfactorily and recommendations i and xi have been dealt with in a satisfactory manner.
19. The adoption of the present Addendum to the Compliance Report terminates the First Evaluation Round compliance procedure in respect of Estonia.