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from: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 3 February 2014

to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
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Subject: ANNEX ESTONIA to the EU Anti-Corruption Report

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Delegations will find attached Commission document COM(2014) 38 final Annex 6.

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ANNEX 6

**ANNEX**

**ESTONIA**

*to the*

**EU Anti-Corruption Report**

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# ESTONIA

## 1. INTRODUCTION — MAIN FEATURES AND CONTEXT

### *Anti-corruption framework*

**Strategic approach.** Since 2004, Estonia has had in place strategic planning of anti-corruption policy. The 2008-12 strategy included 8 objectives, 21 measures and over 60 activities with working plans and measurable indicators. Implementation costs were provided for in the budgets of relevant ministries.<sup>1</sup> A new strategy up to 2020 focusing on prevention and education was adopted in October 2013.<sup>2</sup> Further developments include the establishment of a parliamentary working group on ethics, and parliamentary and public debates about immunity and a code of conduct for parliamentarians. At the same time, cases related to political party funding and trading in influence suggest that corruption remains a challenge in Estonia. Civic and parliamentary proposals have recently given a new impetus to anti-corruption reform. In November 2012, in response to a series of corruption controversies, ‘Charter 12’ — a petition calling for increased transparency in party financing and limits on the influence of special interests — was published.<sup>3</sup> In response, the President convened a roundtable meeting which issued an invitation for citizens to propose amendments to open the party system to greater competition, improve the transparency of party funding, and limit political influence in civil service appointments. These initiatives have already yielded some results. While their ultimate outcome remains to be seen, they illustrate the potential of public engagement for reform.

**Legal framework.** The Penal Code, which was completely revised in 2002 and further amended subsequently, provides a fairly sound basis for the criminalisation of corruption offences.<sup>4</sup> Estonia is in the process of reforming its anti-corruption framework. Examples include the 2012 amendments to the Political Parties Act, the Public Service Act and the Anti-Corruption Act, as well as parliamentary constitutional committee hearings on party financing reform.<sup>5</sup> Provisions on parliamentary immunity are also being reconsidered, after the Chancellor of Justice rejected several requests from prosecutors to propose to Parliament to lift immunities of Members of Parliament.<sup>6</sup> Following the work of legal scholars, the Ministry of Justice is preparing draft amendments to streamline the Penal Code, including with regard to private sector corruption. In October 2013, the Council of Europe’s Group of States against Corruption (GRECO) reported progress by Estonia on criminalisations.<sup>7</sup> Following amendments to include arbitrators in the definition of a public official, GRECO invited

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1 <http://www.korruptsioon.ee/orb.aw/class=file/action=preview/id=35712/ANTI+CORRUPTION+STRATEGY+2008-2012.pdf> ; See also the performance report 2008 (2009) <http://www.korruptsioon.ee/strateegia>.

2 <http://www.korruptsioon.ee/orb.aw/class=file/action=preview/id=59029/Estonian+Anti-Corruption+Strategy+2013-2020.pdf>.

3 <http://petitsioon.ee/harta12>.

4 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282007%295\\_Estonia\\_One\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282007%295_Estonia_One_EN.pdf).

5 <http://www.legaltext.ee/en/andmebaas/ava.asp?m=022>

[http://www.riigikogu.ee/index.php?page=en\\_vaade&op=ems&enr=193SE&koosseis=12](http://www.riigikogu.ee/index.php?page=en_vaade&op=ems&enr=193SE&koosseis=12)  
<http://www.legaltext.ee/en/andmebaas/paraframe.asp?loc=text&lk=et&sk=en&dok=2012X15.htm&query=anti%2Dcorruption+act&tyyp=X&ptyyp=RT&pg=1&fr=no>

6 The Chancellor of Justice is an independent official whose duties are to ensure that legislation is constitutional and fundamental rights and freedoms are protected. The Chancellor of Justice also proposes to Parliament to waive the immunity of an MP, the President, a Minister, or a Justice of the Supreme Court, and prepares a statement of charges on the basis of a request from prosecutors. The Chancellor of Justice examines the criminal file but does not verify or evaluate the evidence, or deal with the question of guilt. <http://oiguskantsler.ee/en/other-tasks>.

7 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%2910\\_Second\\_ADD\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%2910_Second_ADD_Estonia_EN.pdf).

Estonia to sign and ratify the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191).<sup>8</sup> GRECO also noted that draft amendments on trading in influence, if adopted, would respond to GRECO's outstanding concerns.<sup>9</sup>

**Institutional framework.** The Ministry of Justice criminal policy department coordinates development and implementation of anti-corruption policy, including data collection, training and impact assessment. Law enforcement is entrusted to the Internal Security Service and Police and Border Guard (Ministry of Interior). In addition, the Ministry of Finance coordinates integrity and ethics training courses. The ministries of justice and finance are collaborating on new training programmes for civil servants to reflect updated anti-corruption rules. The government is also planning a review of practices at a wide range of public authorities concerning codes of conduct, ethics boards and ethics training. The Ministry of Finance is conducting a study on in-house risk assessment methods in central government agencies. Two parliamentary standing committees and two select committees have worked on legislative drafting, proceedings or implementation of the Anti-Corruption Act. A separate Supervisory Committee on Party Funding was formed under the Political Parties Act in May 2011.

### *Opinion polling*

**Perception surveys.** In the 2013 Special Eurobarometer Survey on corruption, 65 % of Estonian respondents consider corruption to be widespread (EU average 76 %), and 22 % say that corruption affects their daily lives (EU average 26 %). In addition, 31 % (the EU's lowest percentage) think that corruption levels have increased in the past three years. Some 40 % of Estonians, one of the highest percentages in the EU, consider that there are sufficient successful prosecutions to deter people from corrupt practices.<sup>10</sup> A justice ministry survey noted a positive trend in public attitudes towards corruption between 2006 and 2010, with fewer respondents saying they were prepared to bribe an official, and fewer stating that bribery was widespread as a means of avoiding penalties.<sup>11</sup>

**Experience of corruption.** In the 2013 Special Eurobarometer Survey on corruption, 4 % of Estonian respondents say they have been asked or expected to pay a bribe over the previous 12 months (EU average 4 %).

**Business surveys.** In the 2013 Eurobarometer business survey, 19 % of companies in Estonia consider corruption a problem when doing business (below the EU average of 43 %) and 17 % think that corruption has prevented them from winning a public tender in the past three years (EU average 32 %). Moreover, 57 % think corruption is widespread (EU average 75 %).<sup>12</sup>

### *Background issues*

**Private sector.** In the Global Competitiveness Index, Estonia ranks 32nd out of 148 countries.<sup>13</sup> According to the Commission's Second Implementation Report, Estonia did not

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8 <http://conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=191&CM=&DF=&CL=ENG>.

9 Draft amendments to Section 298.1 of the Penal Code would introduce the offence of active trading in influence, include the request of an advantage in the offence of passive trading in influence, and no longer require that the factual or alleged influence by the influence peddler be 'illegal'. The draft amendments were proposed to Parliament in January 2014. <http://eelnoud.valitsus.ee/main#ogJLGuTi>.

10 2013 Special Eurobarometer 397.

11 Corruption in Estonia: The study of three target groups. Criminal policy studies 13. Tallinn: Ministry of Justice Criminal Policy Department & University of Tartu, 2010  
[www.korruptsioon.ee/orb.aw/class=file/action=preview/id=50629/Korruptsioon\\_2010.pdf](http://www.korruptsioon.ee/orb.aw/class=file/action=preview/id=50629/Korruptsioon_2010.pdf).

12 2013 Flash Eurobarometer 374.

13 [http://www3.weforum.org/docs/GCR2013-14/GCR\\_Rankings\\_2013-14.pdf](http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf).

fully transpose provisions of Framework Decision 2003/568/JHA. It partly transposed provisions on the liability of legal persons, and fully covered non-profit entities.<sup>14</sup> Concerning active corruption, Estonian legislation does not cover offering a bribe or intermediaries. Regarding passive corruption, Estonia's legislation does not refer to intermediaries, 'requesting' a bribe or undue advantage.<sup>15</sup>

**Conflicts of interests and asset disclosure.** The Anti-Corruption Act obliges public officials to declare economic interests, including assets and gifts. Declarations are due within four months of assuming office and annually thereafter. They are to be retained for seven years.<sup>16</sup> Verification is the responsibility of Parliament's Select Committee and internal audit and personnel departments, among others. The Tax and Customs Board will administer the register of economic interests. E-training materials on conflict of interest issues are available via the Ministry of Justice.

**Whistleblowing.** Estonia has no specific law on whistleblowing. The amended Anti-Corruption Act prohibits officials from concealing corruption, and requires agencies to protect the confidentiality of good-faith whistleblowers. Shared burden of proof applies for whistleblowers and those alleged to have retaliated against them, in both the public and private sectors.<sup>17</sup> However, according to the 2013 Eurobarometer, 90 % of those Estonians who said they had experienced or witnessed a case of corruption in the past year did not report it. Moreover, 58 % of respondents said they would not know where to report a case of corruption if they experienced or witnessed one (EU average: 44 %). Internal Security Service data for 2004-12 show at most 46 anti-corruption hotline calls each year, indicating a need for raising awareness.<sup>18</sup> There are three connected hotlines since 2004, run by the Corruption Crimes Bureau of the Central Criminal Police, the Ministry of Justice and the Internal Security Service.

**Transparency of lobbying.** Lobbying is not regulated in Estonia. There is no specific obligation for registration of lobbyists, even though rules on the drafting of legislation provide a degree of transparency.<sup>19</sup> GRECO recommended the introduction of rules on how Members of Parliament engage with lobbyists. Parliamentary work is ongoing to address GRECO's recommendation to develop and enforce a code of conduct for Members of Parliament, including restrictions on their activities after leaving office.<sup>20</sup> The Ministry of Justice has occasionally commissioned impact assessments of corruption risks in draft legislation.

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14 As regards liability of legal persons, §14 (1) of the Penal Code (PC) stipulates: In the cases provided by law, a legal person shall be held responsible for an act which is committed in the interests of the legal person by its body, a member thereof, or by its senior official or competent representative. As regards private corruption, PC §288 (2) stipulates: In the criminal offences specified in §§ 293–298 of this Code, 'an official' is also an arbitrator or a natural person whose official position lies in the capacity to manage a legal person governed by private law or to operate in the interests of a legal person governed by private law or another natural person.

15 COM(2011) 309 final, [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report\\_corruption\\_private\\_sector\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report_corruption_private_sector_en.pdf).

16 Anti-Corruption Act §12-16, <http://www.legaltext.ee/en/andmebaas/paraframe.asp?loc=text&lk=et&sk=en&dok=2012X15.htm&query=anti%2Dcorruption+act&tyyp=X&ptyyp=RT&pg=1&fr=no>.

17 Anti-Corruption Act, §6.

18 Corruption Crimes Bureau: [www.politsei.ee](http://www.politsei.ee); Ministry of Justice: [www.korruptsioon.ee](http://www.korruptsioon.ee); Internal Security Service: [www.kapo.ee](http://www.kapo.ee).

19 Cabinet Rules of the normative technique of drafts of legislative acts, Parliament Rules for draft legislation in the legislative proceedings.

20 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4\(2012\)5\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4(2012)5_Estonia_EN.pdf).

## 2. ISSUES IN FOCUS

### *Financing of political parties*

Since 2003, Estonia allows political donations only from natural persons. Following GRECO recommendations, amendments to the Political Parties Act which entered into force in April 2011 established the Supervisory Committee on Political Party Funding.<sup>21</sup> The Chancellor of Justice, National Audit Office and National Electoral Committee each appoint one of seven Committee members; parties in Parliament appoint the remaining four, for a five-year term. The law also obliges parties to report on related entities (such as interest groups, foundations, trade unions and other institutions affiliated with a party or otherwise under its control), and broadens the definition of such entities. Further amendments banned the use of membership fees to circumvent transparency rules concerning donations, and strengthened the requirement for parties and candidates to publish detailed financial reports, and return illegal donations. There are now three types of report: donation reports, submitted quarterly and published online; annual fiscal reports on parties and affiliated organisations, also published online and audited prior to submission if the party has received public funding; and campaign expenditure reports submitted to the Committee within a month after elections. GRECO was pleased with reforms of the legal framework for political financing, and encouraged the authorities to ensure that the new regulations and mechanisms are effectively applied in practice.<sup>22</sup>

Challenges with political financing came to light when a former Member of Parliament publicly admitted having funnelled anonymous donations to a prominent political party. A subsequent investigation revealed that party members had deposited cash in their personal accounts and then transferred the amounts to party coffers. The case has been the subject of intensive debates in Parliament, leading to the resignation of the Justice Minister in December 2012. Public debates also focused on allegations that local elected officials had used municipal funds for campaigning.<sup>23</sup> These and other cases related to political party finances led to demands for reform and the establishment of a platform for civic participation called Rahvakogu (People's Assembly).

#### ***Good practice: Rahvakogu online platform for civic participation***

*Rahvakogu (People's Assembly) emerged following the 'Charter 12' manifesto and related roundtable convened by the President. Organised by volunteers, the online platform [www.rahvakogu.ee](http://www.rahvakogu.ee) collects proposals for amending electoral and political party laws, and other reform ideas. Rahvakogu combines online and face-to-face discussions on five topics: the electoral system, competition between political parties and their internal democracy, financing of political parties, strengthening the role of civil society in politics in between elections, and depoliticising public administration.*

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21 <http://www.legaltext.ee/en/andmebaas/ava.asp?m=022>.

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[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%2910\\_Second\\_ADD\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%2910_Second_ADD_Estonia_EN.pdf).

23 Recent examples of debates include Põhja-Tallinn and Tartu.

*Proposals were collected and debated online until the end of January 2013. Analysts then grouped the proposals and comments, adding impact analyses. In March 2013, public meetings deliberated on which issues to select. Many of the proposals on the Rahvakogu portal concerned political party financing. Some 86 % of public representatives demanded increased monitoring of party finances, 85 % agreed that anonymous or hidden donations should be criminalised, and 78 % supported current rules limiting political donations to individuals, not companies. In April 2013, Estonia's President submitted 16 Rahvakogu proposals to Parliament. All of these were subsequently discussed and many were adopted, amid high interest from civil society and the media.*

*Rahvakogu also has its critics who have questioned its political independence. While the ultimate results remain to be seen, the initiative has helped to harness public discontent into a constructive reform process.*

Parliament has been considering proposals from a wide range of sources for better regulation of political party and campaign financing. Amendments in 2012 to the Anti-Corruption Act introduced improvements, including a register of declarations of interest for elected and appointed officials. Estonia furthermore broadened the range of sanctions for infringements of political financing rules, including administrative sanctions that can be used without involving the more cumbersome criminal procedure. However, GRECO considers that the amounts of these penalty payments (up to EUR 6 400) could be seen as relatively lenient.<sup>24</sup> They appear low in relation to campaign costs. While the abovementioned amendments brought about some improvements in detecting and preventing irregularities in party financing, the legislative framework has been weakened in other aspects. Accepting illegal donations was decriminalised in April 2011 when amendments to the Political Parties Act entered into force.<sup>25</sup> Responsibility for investigating such cases passed from the Internal Security Service to the Supervisory Committee on Party Funding. However, limited administrative and analytical capacity hampers the ability of the Supervisory Committee to verify the information presented in reports on campaign finance and donations.<sup>26</sup> Cases that came to light revealed that checks had not been conducted on whether donations really originated from the purported donors or corresponded to their income. While the Supervisory Committee has access to Parliament's administrative resources, additional reallocation and prioritisation may be necessary to enable effective scrutiny of campaign finance and donations.

Prior to local elections in October 2013, the Supervisory Committee on Party Funding ordered media monitoring of campaigns in order to compare the results with survey data and official reports by parties.<sup>27</sup> The Committee also sent detailed instructions and organised training for parties on the reporting of campaign expenditure. The Committee launched an electronic accounting register to help reduce errors and workload.

Amendments in January 2014 to the Political Parties Act extended the scope of financial data in the electronic accounting register.<sup>28</sup> The amendments also placed limits on the indebtedness of political parties, following controversies regarding funds owed by parties to advertising

24 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%291\\_Second\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%291_Second_Estonia_EN.pdf).

25 <http://www.legaltext.ee/en/andmebaas/paraframe.asp?loc=text&lk=et&sk=en&dok=XI022K10.htm&query=Political+Parties+Act+&tyyp=X&ptyyp=RT&pg=1&fr=no>

26 Transparency International Estonia and Open Estonia Foundation (2012) 'Party and Campaign Financing Regulations in Estonia' – Tallinn, pp 6-7. Available at: [http://transparency.ee/cm/files/political\\_parties\\_financing\\_in\\_estonia.pdf](http://transparency.ee/cm/files/political_parties_financing_in_estonia.pdf).

27 Supervisory Committee on Party Funding (2013) Press Release: Erakondade Rahastamise Järelevalve Komisjon laseb valimiste meediakampaaniat põhjalikult monitoorida (The Committee will order a systematic monitoring of elections media campaigns). Published: 18.09.2013. Available from: <http://www.erjk.ee/et/uudised/18-septembril-2013-erakondade-rahastamise-jarelevalve-komisjon-laseb-valimiste>.

28 [http://www.riigikogu.ee/index.php?op=emsplain&page=pub\\_file&file\\_id=36a544db-9fa0-4dab-969c-5a84162bd03b&](http://www.riigikogu.ee/index.php?op=emsplain&page=pub_file&file_id=36a544db-9fa0-4dab-969c-5a84162bd03b&).



agencies, printing houses and media companies.<sup>29</sup> In another positive step, the amendments capped cash donations at EUR 1 200 per year, and raised the penalties for accepting illegal donations.

### ***Public procurement***

Estonia's e-procurement portal and related e-services such as the company registration and management portal and centralisation of public sector bookkeeping facilitate transparency.<sup>30</sup> Since 2003, all public procurement notices are published electronically in the State Public Procurement Register (SPPR), an eTenders portal. The Public Procurement Act provides for further development of the SPPR and eProcurement (eAuctions, ePurchasing system, eCatalogues, etc.)<sup>31</sup> Aiming at a fully electronic tendering process in future, the Act requires electronic tenders for 50 % of overall public procurement from 2013. In 2012, about 15 % of public tenders were conducted via e-procurement, three times more than in 2011. Electronic reporting supports transparency and improves quality management. The e-procurement portal also includes information about relevant Ministry of Finance decisions and the most frequent violations of the Public Procurement Act. However, local governments are not required to submit electronic records to the SPPR if the value of contracts falls below certain thresholds.

Despite progress with e-procurement, corruption risks remain, involving possible hidden agreements between politicians, officials and entrepreneurs, creating competitive advantage through information-sharing, false information in invoices, low tender prices and additional service ordering, and breaking up contracts into smaller parts to reduce reporting obligations.<sup>32</sup> Recent cases suggest that vulnerable sectors include urban planning and construction, healthcare and licensing. In one case, the Internal Security Service issued a reprimand and an administrative fine of EUR 120 to a government official whose non-governmental organisation (NGO) was awarded contracts worth EUR 12 000.<sup>33</sup> The amount of the fine raises questions about the dissuasiveness of administrative penalties. Similarly, the mayor of Tallinn (who is also leader of a political party) was fined EUR 575 for failing to disclose a EUR 173 000 loan from a Panama-registered company.

According to the National Audit Office (NAO), local authorities have limited awareness of prevention of corruption and need assistance. Officials had used local government assets to conclude transactions with companies that were related to them.<sup>34</sup> After auditing ten local authorities, the NAO found eight had breached the Anti-Corruption Act, for example by allowing officials to agree transactions with companies that were linked to them. Only one municipality had ensured adequate inspection to prevent breaches. The NAO recommended clearer national guidelines on the creation of internal control systems to prevent corruption, and more transparency on municipal transactions.<sup>35</sup> In a positive development, since 2013, a

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29 [http://www.riigikogu.ee/public/Valimisvolad\\_2009-2011\\_valimiskampaaniatest\\_seisuga\\_31.12.12.pdf](http://www.riigikogu.ee/public/Valimisvolad_2009-2011_valimiskampaaniatest_seisuga_31.12.12.pdf).

30 <http://www.riso.ee/en/node/102> <https://ettevotjaportaalk.rik.ee/index.py?chlang=eng>.

31 <http://www.legaltext.ee/en/andmebaas/paraframe.asp?loc=text&lk=et&sk=en&dok=XXX0005K3.htm>  
&query=Public+Procurement+Act+&tyyp=X&ptyyp=RT&pg=1&fr=no.

32 On corruption risks in local government, see National Audit Office, Local government associations make the same errors in their economic activities as municipalities, towns and cities  
<http://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/557/GetPage/1/557Year/-1/ItemId/637/amid/557/language/en-US/Default.aspx>.

33 Corruption charges were dropped after the Supreme Court turned down an appeal by the Internal Security Service, upholding a lower court's ruling. Kohtuotsus Eesti Vabariigi Nimel, Harju County Court, 18 March 2013, Tallinn. General procedure decision No. 913012000002 from 25.06.2012.

34 <http://www.riigikontroll.ee/tabid/168/amid/557/ItemId/654/language/en-US/Default.aspx>.

35 Mattson, T. (2012) Local authorities breach laws and conclude transactions presenting risk of corruption. SAO. 5.11.2012. <http://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/654/amid/557/language/en-US/Default.aspx>.



new online application makes available the financial data of Estonian local authorities.<sup>36</sup> Another NAO audit raised concerns about the extent to which the Finance Ministry is supervising contracts awarded by state-owned companies and foundations.<sup>37</sup>

In July 2013, a European Commission-funded report coordinated by Transparency International noted corruption risks at the highest and lowest levels of the system distributing EU funds.<sup>38</sup> According to the report, by the end of 2012, 339 violations or ongoing procedures for alleged violations of EU funding rules were detected in Estonia involving a total amount of EUR 35 million. Of that, 52 % was not paid by the EU or has been recovered or offset. The remainder is either unclaimed or not yet repaid. In 2012, 185 violations or suspected violations were recorded, of which 110 cases remain unresolved. While these violations concern irregularities in a wider sense and not necessarily corruption, they illustrate overall vulnerabilities in the management of EU funds and, more broadly, weaknesses in the public procurement system. The report also refers to the politicisation of civil service positions. The complexity of guidance and legislation (such as the Public Procurement Act) may stretch the resources of public institutions, some of which suffer from high staff turnover.

The Ministry of Finance department overseeing public procurement has limited capacity compared with the body monitoring the use of EU structural funds. In 2012, the Ministry of Finance announced only 76 review proceedings (0.8 % of public procurements). There are no centralised databases on detected corruption cases and no corruption risk assessment guidelines in public procurement.

### ***Accountability and integrity of elected and appointed officials***

An appropriate system to guarantee the accountability and integrity of elected officials sets an example to others and constitutes an important element in preventing high-level corruption. A range of measures are in place to promote transparency in Estonia's Parliament. As soon as Parliament decides to commence a legislative process, it publishes on its website the contents of a bill, the proposed amendments and all other pertinent materials, allowing interested parties to send comments to the committee concerned. Since February 2012, guidelines are in effect on good practices in the legislative process.<sup>39</sup> Public consultations are conducted via an electronic database,<sup>40</sup> serving as a repository for bills and accompanying documents, including comments by ministries and others. The government has issued a booklet on public consultation good practices. In addition, parliamentary committees publish online registries of interested third parties who choose to complete a questionnaire. Agencies are obliged to give reasons when accepting or declining proposed amendments.

Parliamentary committee meetings are held in public if more than a half of members vote in favour. Experts or guests may be invited to the committee's sittings, including those with vested interests or links to individual parliamentarians. GRECO noted the absence of complete information (through registration or publication) on all those who may have influenced a specific procedure or a Member of Parliament participating therein, as well as the rarity of cases of withdrawal of Members of Parliament from decision-making. It therefore

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36 [www.riigipilv.ee](http://www.riigipilv.ee).

37 National Audit Office, Organisation of public procurement in public undertakings and public foundations. Tallinn, 5 February 2013. <http://www.riigikontroll.ee/tabid/206/Audit/2273/Area/18/language/en-US/Default.aspx>.

38 Tõnnisson, K. and Muuga, M. (2013) Korruptsiooniriskid Euroopa Liidu vahendite rakendamisel (Corruption risks in the implementation of European Union funds).

39 [http://www.riigikogu.ee/?op=ems&page=dokumentide\\_detailid&pid=6c4446b4-6f77-4621-aab1-a4c66c738798&](http://www.riigikogu.ee/?op=ems&page=dokumentide_detailid&pid=6c4446b4-6f77-4621-aab1-a4c66c738798&)

40 <http://eelnou.valitsus.ee>.

encouraged Estonia to enhance transparency of parliamentary committee meetings, particularly when these are open for participation by third parties.<sup>41</sup>

The need for a code of conduct for Members of Parliament has long been debated in Estonia. A draft code prepared by a working group was not approved.<sup>42</sup> According to GRECO, such a code is necessary to address issues that have received little attention so far, such as conflicts of interest, revolving doors, gifts, hospitality and other advantages and outside activities. The adoption of the code, in conjunction with more focused induction courses and the provision of ongoing counselling and advice would raise parliamentarians' awareness on corruption prevention. In order for the provisions of the code to be effectively applied in practice, GRECO recommended an effective mechanism of supervision and sanction. GRECO further recommended that detailed guidelines be developed within Parliament setting out practical examples of conflicts of interest that Members of Parliament may encounter.

In addition, GRECO has repeatedly questioned the effectiveness of Parliament's Anti-Corruption Act Select Committee, which has a duty to scrutinise economic interest declarations of which it is the depository. It recommended that the Committee adopt a less formalistic and more proactive and rigorous approach to the handling of such declarations.<sup>43</sup>

More recently, the risk of political influence in public administration appointments has been brought to public attention. A recent controversy concerned the selection of the director of the Police and Border Guard Board in February 2013. In response to public concerns, the amended Public Service Act provides for open competitions involving independent selection committees.<sup>44</sup>

In March 2013, it emerged that members of a political party employed by the Tallinn municipal government had agreed to pay a percentage of their salary to the party. The mayor reportedly asked for the resignation of four city officials who failed to make the agreed contribution; two resigned. The case prompted public discussions about the politicisation of public service.

According to Transparency International, appointments to the boards of municipal companies are often made according to party affiliation.<sup>45</sup> Some requirements and restrictions do apply to the appointment of members of management bodies.<sup>46</sup> However, debates have focused on accountability at state-owned companies and their alleged misuse as a means to trade in influence or reward political party donors. Other cases have attracted further public attention to this issue, such as a potential conflict of interest concerning a supervisory board chair who also managed sports organisations sponsored by the Port of Tallinn. Reflecting such concerns, Rahvakogu deliberations included proposals for closer regulation of the role and responsibility of board members of state-owned companies.<sup>47</sup> Currently there is limited information on transactions, appointments and potential conflicts of interest at state-owned companies. A 2013 NAO audit of nine large state-owned companies raised concerns about the procedures for appointment of board members, finding little progress since the last such audit

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41 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4%282012%295\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4%282012%295_Estonia_EN.pdf).

42 In January 2012, Parliament's Select Committee on the Application of the Anti-Corruption Act supported a proposal by Transparency International Estonia to draw up a code of conduct, and an informal cross-party working group was established. However, Parliament's Board considered the Anti-Corruption Act sufficient to prevent corruption among parliamentarians.

43 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4%282012%295\\_Estonia\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4%282012%295_Estonia_EN.pdf).

44 [http://www.riigikogu.ee/index.php?page=en\\_vaade&op=ems&enr=193SE&koosseis=12](http://www.riigikogu.ee/index.php?page=en_vaade&op=ems&enr=193SE&koosseis=12).

45 Transparency International's National Integrity System assessment refers to 'politicization of non-political positions in the public sector, which is more severe in local governments'.  
[http://www.transparency.ee/cm/files/lisad/estonia\\_nis\\_executive\\_summaryrecommendations.pdf](http://www.transparency.ee/cm/files/lisad/estonia_nis_executive_summaryrecommendations.pdf).

46 State Assets Act, §80. <https://www.riigiteataja.ee/akt/105042013007>.

47 <https://www.rahvakogu.ee/pages/sundpolitiseerimine-poliitikud-noukogudes>.

in 2007. One proposal under consideration at the Ministry of Economic Affairs is to establish an umbrella enterprise for all state-owned companies, to improve efficiency and depoliticise management boards.

In August 2013, five officials were sentenced in a plea bargain for participating in a bribery scheme in the written portion of the driver's licence examination. A local traffic bureau chief was sentenced to over three months in prison.<sup>48</sup>

### 3. FUTURE STEPS

Corruption levels in Estonia are generally considered low in international comparison, and petty corruption rarely affects citizens' everyday lives. Additional efforts would be useful to further improve transparency in the financing of political parties and in public procurement, as well as accountability of elected and appointed officials.

The following points require further attention:

- Effectively monitoring **donations to political parties** and applying dissuasive sanctions in case of violation.
- Further improving oversight of **public procurement** and implementation of public contracts involving national or EU funds. Developing guidelines on monitoring compliance with anti-corruption requirements at local government level and ensuring that relevant administrative penalties are dissuasive. Providing adequate training to local authorities.
- Adopting a **parliamentary code of conduct** accompanied by an efficient mechanism of supervision and sanction and ensuring effective scrutiny of economic interest declarations. Conducting an independent in-depth analysis into the risk of politicisation of appointments in public administration and state-owned companies, including at local level.

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48 Viru County Court verdict, KOHTUOTSUS kriminaalasja number 1-13-6854 (1391300021), Riigi Teataja (State Gazette), 02.08.2013, [https://www.riigiteataja.ee/kohtuteave/maa\\_ringkonna\\_kohtulahendid/menetlus.html?kohtuasjaNumber=1-13-6853/1](https://www.riigiteataja.ee/kohtuteave/maa_ringkonna_kohtulahendid/menetlus.html?kohtuasjaNumber=1-13-6853/1). Legal basis: Criminal Procedure Code §202(2): Termination of criminal proceedings in case of lack of public interest or negligible guilt, <http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=X60027K9&keel=en&pg=1&ptyyp=RT&tyyp=X&query=kriminaalmenetluse+seadustik>.