

**Together we are stronger?**  
**Harmonising the fight against fraud and corruption in Europe**

**THE LEARNINGS OF “SAVE PUBLIC ASSETS” PROJECT**  
**PROVIDUS, LITHUANIA**

*DR. ESZTER KOSA, PH.D.*  
*COLOGNE, 25-26 FEBRUARY 2008*

The project “**Save Public Assets**”, managed by Providus, Latvia has been conducted in the five EU Member States that joined the Union in 2004: the Czech Republic, Hungary, Latvia, Lithuania and Poland. The main goal was to examine the outcome of the first planning period (2004-2006), focusing on the usage of Structural Funds (SF) that became available to the new EU members for the first time after joining the European Union. In my presentation I gave a summary of the country reports, which describe findings of the five separate researches conducted in the respective countries. The general conclusions to be drawn on “transparency and allocation of EU Funds in the new Member States” are the following:

- **Public consciousness** related to the usage of European public sources is growing. As the second planning period has started in January 2007, it seems that general public and the media pay more attention to the topic. It seems to be more and more recognised that these sources - if allocated the best possible way – might induce remarkable changes in economy, social inclusion and environmental sustainability, and sensibly reduce the developmental gap between the new Member States and the old ones. The topic of Structural Funds and the content of the National Development Plans is becoming a more frequent subject of political debates, too.
- The **General opinion of SF** is rather negative – probably based on prejudices and earlier experiences related to corruption, and also because of a lack of information. Structural Funds are seen as a complicated, non-transparent source that is available for those, who have power (political, economical, or based on relations). This general assumption was only very partially confirmed by the country studies, although some weak points of the implementing institutional system and the procedures were identified, and numerous recommendations were made.
- The **access to information** on Structural Funds is not satisfactory. There are different rates in different countries. In some cases there are significant differences even between a single country’s regions concerning the publicly available data. The other problem is the **quality of information**. In most countries the role of a transmitter (which probably should be played by the media) is often missing or weakly performed. For this reason, the whole system of Structural Funds (which is a complicated one) remains unclear and difficult to understand. On the one hand, this situation creates fertile breeding ground for prejudices and unequal opportunities and on the other hand, (the

privileged situation of the better – meaning both quality and quantity - informed).

- Probably the most surprising finding of the country reports was the **examination of open competition procedures**. Basically the same questionnaire was queried in 4 of the 5 countries. Although the outcomes naturally differ, some (rather unexpected) similarities have to be mentioned. In all cases – to a different extent – the **majority of respondents** (successful and rejected applicants) have **found the procedure more honest than dishonest**. The concrete corruption cases (bribing) were not mentioned. Of course, quite some methodological considerations appear related to the answers' solidity, still, the numbers are quite convincing. Also the most commonly mentioned problems were **too much bureaucracy** and **too complicated procedures**. The fact that in all countries the **role of consultants** seems to be crucial (high percentage of applicants hire such assistance for proposal writing) is probably related to the complicated procedures. It brings us back to the question of unequal opportunities: those who can afford to hire consultants, or who hire consultants with good relations to the implementing institutions and strong lobby potential have obviously better chances. It is not a clear corruption case but a common feature, in the studied countries, that brings up the question of fair and truly open competition. The other commonly mentioned unfair element of the selection process was the better chance of bigger and more experienced organizations. This seems a valid point as proposal writing and project implementation desire quite a lot of human and financial resources.
- Another commonly recognized “gray zone” was the field of so-called **national-, or central programs**. While we carefully examine the corruption threats at all stages of open competition, a very significant part (about 1/3, differing between countries) is being allocated through a different procedure, where final beneficiary and project content is given in the planning document. It seems that the selection criteria and the decision process concerning central programmes are not clear and quite a big space is left for political, economical and personal lobbying.
- **Political alliances** were studied in two countries in very different ways: in the Czech Republic via interviews and in Hungary by data analysis. None of them proved political interest enforcement. In the second case there could not be found any correlation between political power (governmental/oppositional president and assembly of counties) and absorption capacities. Still, we must not forget that macro data may hide concrete cases.