Economic activities of the Estonian Migration Fund

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Executive summary

The State Audit Office (SAO) has audited the legitimacy and validity of the economic transactions and the management of inherent risks at the Estonian Migration Fund (EMF).

The Estonian Migration Fund was established by a Government Order in 1992. In 1998, the Fund was reorganised into a foundation called the Estonian Migration Fund (hereinafter also "the Fund"). The founder's rights are exercised by the Ministry of Internal Affairs.

According to its Statutes, the main purpose of the Fund is to support the migration and integration processes and raise funds to that end. The government allocated EEK 2.8 million for the support of migration processes both in 2003 and 2004. The Fund's own revenue in 2003 was EEK 380,859.

Main findings of the SAO

The Fund does not have the necessary vision as regards the lines of activity for the next few years. The Fund's choices and criteria for supporting the migration and integration processes do not follow from any law or national strategy. The Fund has not developed strategic policies for next years. The volume of migration allowances has been declining over recent years and except for the state budget resources no other funds have been obtained. The Fund has never been involved in integration activities and probably never will.

The internal control structure of the Fund needs improvement. The Board was not involved in the management of payments but it did not apply adequate control measures either. The principle of separation of duties has not been respected in carrying out the procedures. The Managing Director employed by the Board single-handedly processed applications and made decision about the applicants entitled to migration allowance. Similarly, the payment of allowances was arranged by the Managing Director, whereas part of the allowances was paid in cash.

The administrative costs of the Fund were high. In 2003, the expenses of own support activities accounted for 25 % of the total costs of the Fund. The migration allowance amounted, on the average, to EEK 2,466. The Fund's administration has not been actively seeking possibilities for the reduction of the cost of the Fund's support activities.

Main proposals by the SAO

To the Minister of Internal Affairs

- Initiate a bill on the amendment to the laws governing the field (Aliens Act, Citizenship Act), which lays down the provisions on the purpose of supporting immigration and emigration processes and the target groups entitled to and the criteria of awarding allowances.
- Review the Fund's management structure in order to evaluate whether such a big Council and Board are required for the administration of the Fund, given that besides the Board there is a separate the Managing Director.
- Deliberate a need for maintaining the Fund, with a view to the fact that allowances could be paid by the Citizenship and Migration Board.

To the Fund's Council

- Elaborate the Fund's strategic policy for the coming years, identifying the expected measurable results in each budgetary year and for a longer period and the resource allocations required for the achievement of those results.
- Improve current requirements for the payment of migration allowances, by providing for the application of the principle of separation of duties to persons processing applications and laying down the requirements for cash payments.

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Response from the Minister of Internal Affairs

In his response the Minister states that the proposals of the SAO will be taken into account in the development of the 2005 work programme of the Law Department of the Ministry. Part of the proposals will be considered when concluding the contract with the Fund for the next year and also when designing the budget proposals for 2006.

The representative of the Ministry of Internal Affairs at the Fund Council will monitor the implementation of the proposals made to the Council.

The Minister, in response to the SAO proposal to consider the need to maintain the Fund, finds that this cannot be assessed, but it is necessary, under the new circumstances (accession to the EU), to change the target group entitled to migration allowance.

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Response from the EMF Council

The Fund's Council considers it to be necessary that main requirements for the payment of migrations allowances be provided for by the law. It is the general opinion that if government support is increased, a significantly bigger number of people could apply for remigration and the Fund could activate its operation.

The Council, in cooperation with the Board, has prepared the Fund's development perspectives for 2003-2007, on which the annual action plans are to be based. The Council and the Board have, inter alia, been focusing on the processes that regulate and direct migration and identification of the possibilities for influencing them.

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