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Privatization Policy and Management Support Government of Estonia FINAL REPORT

Volume I

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Privatization Policy and Management Support to the Government of Estonia

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Eastern European Enterprise Restructuring and Privatization Project

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PRIVATIZATION POLICY AND MANAGEMENT SUPPORT TO THE GOVERNMENT OF ESTONIA

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PRIVATIZATION POLICY AND MANAGEMENT SUPPORT TO THE GOVERNMENT OF ESTONIA

FINAL REPORT

I. Introduction

This is the final report of the Deloitte & Touche Consortium's project to provide technical assistance to the Government of Estonia on privatization policy and management (Delivery Order #12, Privatization Policy and Management Support)[1]. The project began in May 1992 and concluded in May 1993. It followed an earlier project (Delivery Order #7, Estonia Privatization) that was conducted during the period October 1991 through May 1992. The initial delivery order focused on assisting the new Government of Estonia to define its privatization strategy and increase the level of understanding of the process of privatization among the key policy-makers in the Government. This follow-on project continued in the same line as the original project, but as the Government matured and policy making moved forward, the project began to focus on more concrete design and implementation issues for various aspects of the Government's privatization efforts.

The primary host-country beneficiaries were the State Property Board, which is responsible for privatization strategy and programs, and the Estonian State Computing Center. This project also provided valuable information to the USAID representative in Estonia and to AID/Washington on the progress of privatization and the development of a market economy in Estonia. It supported one of the stated US-policy goals of technical assistance to the Central and Eastern European region: achievement of economic reform, based on the emergence of a market-oriented economy with a substantial private sector.

The original objectives of this second round of technical assistance were threefold:

1. To provide expert legal and advisory services on a flexible basis to the Government of Estonia on matters related to privatization.

2. To develop appropriate computer-based management systems for the State Property Board.

3. To design and assist in implementation of a mass privatization (or asset distribution) program for the general population (the voucher or National Capital Obligation program).

Over the course of this project, several changes were made in the second objective. These changes were made largely because the role of the State Property Board in the mass

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[1] This Final Report contains information required by Section C.3.(c)(2)(A)(i) of the main contract (EUR-0014-I-00-1056-00, and in Article IV of the Delivery Order contract, Delivery Order #12.

privatization process remained uncertain and some assistance on computer-based management systems was already being provided via funding from the European Community. In order not to duplicate effort, or provide assistance where it was not required, the project team, in consultation with USAID and the Government of Estonia revised the second set of objectives to the following:

2. To assist the Privatization Committee in the development of privatization legislation and implementation decrees that will be compatible with computerization in order to streamline and automate implementation wherever possible. Assist the State Property Board and the State Computing Center to find ways to implement existing privatization legislation in the most administratively efficient manner, taking advantage of computer capability when possible.

This final report summarizes the accomplishments of the delivery order, describes the activities and their significance to AID and the Estonian Government, describes the methods of work used, provides comments and recommendations concerning follow-on assistance, and describes the major accomplishments and outstanding issues in the Estonian privatization process. Attached as appendices are the deliverables already produced and delivered separately under the delivery order.

II. Summary of Accomplishments and Description of Activities under the Delivery Order

This delivery order was divided into three separate sections (or "tasks") based on the three original objectives. Activity in each section was relatively independent from activity in each of the other sections, although the teams communicated regularly, shared information, and worked in tandem with the Estonian Government counterparts.

Task I - Privatization Policy Guidance

This task was designed to assist the legislative policy-makers in the Estonian Government to develop and implement privatization legislation. The lack of fully-developed legislation in Estonia had become one of the most binding constraints on foreign investment and the restructuring and privatization of the state's major productive assets.

We provided assistance via a "Rapid Response" mechanism whereby we fielded a subject-matter expert in response to a specific request from the Chairman of the relevant parliamentary commission or committee or from the Ministry of Justice or Ministry of Finance, or the Central Bank of Estonia. The Government has tried to move very rapidly to develop new legislation and appropriate open market infrastructure -- such as a well-capitalized banking system, appropriate private business legislation, and the like. This has created demands on the policy making process that the small, new Parliament and Government have struggled to meet. The flexible nature of this task allowed the Government to meet its short-term technical assistance needs rapidly and appropriately. Over the course

of the project, the team provided assistance under this task on two separate occasions:

1. Assistance to the Central Bank of Estonia

   In response to a specific request by the governor of the Central Bank of Estonia, a team from the Deloitte & Touche consortium reviewed and provided informed comments and suggested revisions to the draft Estonian Banking Law and the Charter of the Bank of Estonia. The team also conducted a more general review of the Estonian banking sector and made recommendations to the Central Bank on ways to strengthen growth of a private banking industry. The consultants examined the critical factors linking privatization and the development of the Estonian financial sector and concluded that one of the most serious constraints to the development of the private sector and the success of Estonia's privatization programs is the severe lack of long-term credit.

   The team was comprised of an expert from the commercial banking industry and a team of lawyers specialized in banking.

2. Assistance to the Minister of Reform

   Following the national elections in the Fall of 1992, the Government appointed Ms. Liia Hanni as new Minister (without portfolio) to be responsible for Reform. The appointment was intended to improve coordination and oversight for the privatization activities of the Ministries of Finance, Economy, and Agriculture, as well as to coordinate drafting of privatization legislation. However, the new Minister of Reform was assigned virtually no staff and had little access to information on comparable privatization programs in other countries. We provided a consultant experienced in the economic and political aspects of Central and Eastern European privatization policy to serve as an *ad hoc* advisor to the Minister. The consultant was resident in Estonia for two months, working within the office of the Minister and available to her at all times.

   The assignment provided valuable information to the Minister at a time when the overall law governing privatization was being redrafted. The assignment was a success because of its good timing, the ability of the consultant to answer objectively the Minister's numerous questions, and the close relationship between the Minister and the Consultant which developed during this period.

Deliverables for this task are attached as Appendix 1.

Task II

Design and Development of a Privatization Management System

As mentioned above, this task was revised shortly after the beginning of the project. The organization structure of the State Property Agency and its specific responsibilities with respect to the privatization process were not sufficiently defined to permit development of an appropriate and useful Privatization Management System. Instead, the focus of this task was changed to assist the policy-makers to streamline legislation and implementation instructions from an administrative standpoint. The advisor sat in on meetings of the Government's working group on privatization and discussed the information system needs of different privatization legislation.

The advisor produced several management memoranda concerning the administrative aspects of different privatization legislation. These included the following:

1. Commentary on the administrative issues involved in implementation of the Automated Voucher System for mass privatization.

2. Commentary on the information systems needs of a planned program to issue privatization securities -- a concept which encompasses Popular Capital Vouchers and Compensation Vouchers.

3. Report to the Director of the State Property Board on the possibilities for fraud and abuse in the Automated Voucher System.

Deliverables for this task, in the form of Management Memoranda are attached as Appendix 2.

Task III

Asset Distribution Programs

Task III was divided into three distinct sections -- Policy and Procedural Assistance, Asset Distribution Computer System Development, and Implementation Assistance. However, these three sub-tasks were undertaken concurrently and by many of the same members of the Deloitte & Touche Consortium team.

1. Policy and Procedural Assistance

   The team provided advice to the State Property Board on the integration and implementation of the following asset distribution programs that were or would be legislated:

a. Transfer of state-owned housing to private individuals;
b. Decollectivization of agricultural land;
c. Restitution and compensation for property seized during Soviet occupation'
d. Mass privatization of industry.

The team provided valuable on-site advice to the Director of the State Property Board on methods to streamline and integrate the different programs and remove inconsistencies in the legislation and implementation decrees to ensure smoother operation of each program and all programs together. The team prepared memoranda outlining the key issues, objectives, and status of each program, including outstanding issues concerning the political and economic aspects of the program and the possibility for improved integration of the different programs.

2. Asset Distribution Computer System Development

A large, nationwide, asset distribution program requires automated support to handle large volumes of data and track numerous transactions. The Deloitte & Touche Consortium team worked closely with the State Property Board and the State Computing Center to analyze system hardware and software needs and develop system design parameters. Using Estonian programmers from the State Computing Center, the team supervised the development, testing, and installation of asset distribution management software (called the Automated Voucher System, or AVS). At the close of the project, the State Computing Center had finished programming the central operating portion of the AVS and had distributed it to local offices with computers so that as much data processing as possible could be done on the local level. In addition, the State Computing Center had trained (and was continuing to train) the potential users of the system from each locality.

The majority of local offices use or are planning to use the system to help them expedite voucher applications.

3. Implementation Assistance

For a program as complex and interconnected as the Estonian voucher program, smooth implementation is necessary to maintain public support and interest. A team of consultants worked with the State Computing Center, the State Property Board, the National Housing Board, and local housing offices, in order to provide valuable information on implementation problems and solutions. The team assessed the status of implementation at the local level and provided this information to the State Property Board and the Minister of Reform. This information was valuable to these central authorities as they planned public relations activities, new implementation guidelines, and additional uses for the vouchers. We also provided important information on upcoming demands for software, hardware and staff at the center and

local levels which allowed the State Computing Center to formulate clear requests to the Governmental budget makers for additional staff and computers.

Deliverables for these three sub-tasks are attached as Appendix 3.

III. Methods of Work Used

In general, the work conducted under this delivery order consisted of the provision of verbal and written information and recommendations to key decision makers in the Estonian Government. The information was based on the experience and knowledge of the consulting team as well as in-country research. One of the most effective aspects of this project was our ability to consistently maintain at least one advisor in Estonia for virtually the entire contract period. Written reports notwithstanding, the information and assistance provided by our advisors in direct response to questions asked by Estonian Government officials in interviews and meetings was highly valuable to the Estonians. Copies of the deliverables were presented to the Estonian counterparts and distributed within the Government.

IV. Training

This project did not have a formal training component. There was continuous training on an informal basis as the team worked side-by-side with its Estonian counterparts.

V. Comments and Recommendations Concerning Project Continuation

Continued technical assistance is required in Estonia in a variety of different areas. Assistance is needed to facilitate transactions, formulate new legislation, prepare enterprises for privatization, develop plans to sell state-owned assets falling outside of the privatization mainstream, and develop management information systems for privatization authorities. Since Estonia reclaimed its independence two years ago, great advances have been made in the formation of an open, vibrant market economy. However, there is even more to do now than there was two years ago.

The first privatization transactions involving large enterprises have just begun to take place, privatization vouchers are being distributed, the private/commercial banking system is growing astronomically, and the demands at the policy-making level have not diminished. To prevent gridlock in the privatization process and to continue to develop other financial and social structures necessary to support an open market economy, the Estonian government requires technical assistance in the following areas:

1. Development of a facility to sell unwanted assets of enterprises undergoing privatization.

   As noted in our study of the Estonian banking sector, a serious obstacle to private sector growth is a lack of capital and poor access to credit. In addition, the harsh

reality of unemployment that often coincides with the transition to a market economy threatens the political and social will to carry on with rapid reforms. If private sector growth is to have a chance to help cushion public sector restructuring, private enterprises must have access to affordable capital and assets in order to grow. Unfortunately, the nascent private commercial banking industry is inexperienced analyzing credit-worthiness, especially when assessing new businesses with no lending history. In addition, the lack of collateral lending legislation causes banks to demand restrictive terms and charge new ventures exorbitant rates (current short term interest rates are above 31 %). New enterprises, without access to credit and without the ability to finance expansion through their own cash flow, often find it difficult to acquire the land, machinery, warehouses, or other equipment necessary to expand and increase profitability. Such barriers to growth dampen economic expansion, slow the transfer of employment from the State to the private sector, and ultimately threaten the success of the reform process.

One way to overcome this barrier and to facilitate the acquisition of productive assets by new private enterprises and entrepreneurs involves the sale of unutilized or "unwanted" assets that are not part of the main business activity of a state-owned enterprise. These assets fall outside of the main privatization program and could be difficult for the government to sell one at a time. These assets include social assets such as sports clubs, holiday resorts, and housing, as well as under or unutilized productive assets such as auxiliary workshops, unrelated businesses, land, equipment, and commercial or industrial buildings. These unwanted properties would be separated from the going concern and offered by the Estonian privatization authorities to Estonian entrepreneurs in exchange for cash, privatization vouchers, or a combination of the two. This provides a win-win situation for all parties concerned, by:

a. enhancing the privatization prospects of state-owned companies by separating unrelated businesses and other unproductive or unneeded assets,

b. enhancing the growth of the private sector and small business in particular, by providing an efficient and inexpensive means to acquire unneeded assets and put them into productive use, in turn creating new jobs,

c. generating additional revenue from the privatization process for the Government through the cash sale of the assets and new tax revenues from the growth of new business, and

d. encouraging Estonian citizens to meaningfully participate in the privatization process using their privatization vouchers.

A technical assistance program focused on developing such a sales facility would be highly valuable to the Estonian government and growing private sector.

2. Support for the Minister of Reform

In the Estonian privatization process, the Minister of Reform is the major locus of inter-ministerial and Governmental-Parliamentary coordination with respect to privatization legislation and regulations. She is a Minister without Portfolio however, and has no full-time staff. The Deloitte & Touche consortium is providing an ad hoc economic and policy advisor to the Minister on a short term basis for two months. We expect that this assistance will be highly effective and the Minister of Reform has requested that we seek funding to ensure a longer-term involvement by an advisor skilled in economic and financial analysis and with experience in developing market economies.

3. MIS Development and other Assistance to the State Property Board

The Department of State Property, headed by Mr. Riiho Rasmann, is the governmental body responsible for selecting state-owned enterprises for privatization. Its de facto role is similar to that of Ministries of Privatization in other Central and Eastern European countries. For large-enterprise privatization, the Department of State Property selects enterprises for the Estonian Privatization Agency which is authorized to pursue privatization of the specific enterprises. In draft legislation, the State Property Board will be enlarged to include the Estonian Privatization Agency and an Enterprise Restructuring Unit. As large-enterprise privatization accelerates,the Department of State Property will require continued technical assistance to select target enterprises, plan for and define the use of vouchers in large-scale privatization, develop a privatization information system that will allow the government to track the process of privatization, and integrate the restitution and compensation program of the Government so that it does not stymie individual privatizations.

4. Assistance with Development of New Financial Structures

Large enterprise privatization, housing privatization, and the widespread distribution of vouchers to the general population have provided the impetus for the Government to consider the development of a number of new financial structures. These are:

a. Compensation Fund - to issue bonds to those entitled to compensation for expropriated property and also to act as a credit facility for small and medium sized new enterprises.

b. Investment Funds - that would pool vouchers and purchase larger portions of state-owned enterprises that are privatized.

c. Housing Finance/Mortgage Facility - to encourage private ownership of housing and to provide a mechanism to allow housing condominium associations to finance rehabilitation projects.

The Minister of Reform, the Ministries of Finance and Economics, and the Department of State Property -- all likely participants in the development of these new structures -- require technical assistance at a functional level to enable them to translate these concepts into a feasible reality. They would benefit from assistance by American fund managers, bankers, and economists who could advise on the development of these funds and their interaction with the privatization process. In addition, technical assistance by MIS specialists who could advise on the structure and implementation of the planned funds would be highly useful.

5. Capital Market Development

Currently in Estonia, new capital market structures are emerging that will be crucial to the development of a market economy following privatization. However, the Governmental and private bodies that are associated with the formation of stock exchanges and other capital markets require technical assistance in the following areas:

a. Development of Government regulations and reporting procedures for the exchanges
b. Development of listing standards and regulations for individual enterprises trading on the exchanges
c. Definition of the interaction of investment funds and other institutional investors with capital markets
d. Public relations to inform and educate the general public and emerging shareholding companies who might trade on the exchange.

6. Follow-on work with Popular Capital Voucher and Compensation Voucher Implementation

These financial instruments will be distributed to virtually the entire adult Estonian population for use in privatization of housing, land, and enterprises. Similar, but separately issued, vouchers are planned for compensation for expropriated property. The Deloitte & Touche consortium has provided technical assistance to the Department of State Property and the State Computing Center to develop a computerized system to issue and track voucher use. At present, only housing privatization is fully legislated. As additional uses for and types of vouchers are finalized in the legislation, additional technical assistance will be required to incorporate these uses in the computerized management information system.

VI. Major Achievements, Problems and Outstanding issues in Privatization

Privatization in Estonia is a multi-faceted process. Throughout this project, the Deloitte & Touche team has stressed the need for synchronization and coordination between the major privatization programs being undertaken by the Government -- Small and Medium Sized

Enterprise, Large Enterprise, Housing, Restitution/Compensation, and Agriculture.

One aspect of the Estonian situation that increases the level of complexity is that the Government has created several different types of privatization vouchers (National Capital Obligations (privatization vouchers), Compensation Vouchers, and Agricultural Vouchers) that can be used in a number of different ways in each of the privatization programs.

The choice of options can be confusing. For example, a collective farm worker may be faced with one or all of the following options:

1. He may be eligible to receive agricultural vouchers which he can use to purchase agricultural property or equipment (for which use each voucher will be worth the value of one cow at current prices).

2. He may sell his agricultural vouchers, but only to someone who is also eligible to receive agricultural vouchers in the first place.

2. He may convert his agricultural vouchers into privatization vouchers.

3. He may also receive some privatization vouchers for time spent working for the state before joining the collective farm.

4. He may use some of these privatization vouchers to purchase his apartment (for which use they will be denominated in square meters of living space).

5. He may use the remainder of the vouchers in the large enterprise privatization program (for which use they will be denominated in Estonian Kroons).

6. In addition, there is draft legislation that will allow him to sell his privatization vouchers for cash or invest them in an investment fund which will purchase state-owned property.

This array of options underlines the Government's desire to ensure entry for Estonian citizens to all of the privatization programs. However, its complexity can be confusing to the general population. The Deloitte & Touche team has recommended that the Government simplify the program whenever possible and clearly and succinctly inform the general public of its options.

The successes and failures of housing privatization are examined in greater detail in the deliverables attached here for Task III of this delivery order. In terms of enterprise privatization, the Governments two programs have encountered different obstacles and experienced their own unique successes and failures:

Privatization of Small and Medium Sized Enterprises

More than 50% of small and medium sized enterprises have been sold to private owners via decentralized auctions. Initially, this type of privatization was limited to service, trade, and catering enterprises valued at less than 50,000 EEK (about US$4,000), however the legislation was revised in August 1992 to allow privatization of any type of enterprise valued at less than 600,000 EEK (about US$50,000).

Purchasers (legal entities or any person over the age of 18) may elect to pay for the enterprise via an installment plan that requires a 30% downpayment and allows the remaining 70% to be repaid over a three year period. Payments under the installment plan are not subject to interest, although a penalty is assessed in the event of late payment. The auction process is relatively straightforward with the exception that employees of an enterprise being auctioned are given a "right of first refusal" to purchase the shares of their enterprise at the price reached by the highest bidder in the auction.

There are no serious problems or roadblocks to continuing successful implementation of the small and medium sized enterprise privatization program.

Large Enterprise Privatization

Responsibility for large enterprise privatization is divided between the State Property Board and the Estonian Privatization Agency. The State Property Board, now part of the new Ministry of Finance, formulates the overall privatization strategy of the Government of Estonia and provides the Estonian Privatization Agency with lists of enterprises to privatize. The Estonian Privatization Agency is the implementing body which publicizes the sales, communicates and negotiates with potential investors, and concludes sales contracts with purchasers.

On May 25, 1993, the Estonian Government began its second round of large (more than 600,000 EEK) enterprise privatization. It published a list of 52 state-owned enterprises engaged in a wide range of manufacturing and service activities available for purchase by Estonians and foreigners alike. This international public tender was publicized in the local and international press via a near full-page advertisement.

The government expects that this second round will proceed with fewer difficulties than the first public offering of large Estonian enterprises for privatization which took place in November 1992. At that time, the new Prime Minister, Mart Laar, dismissed the Director and the Board of the Agency, citing irregularities in the offering procedure and claiming that excessive freedom of action in choosing buyers left the Agency Board with too much power. The Government temporarily suspended the tender as it reorganized the Agency and appointed a new director, Mr. Jaan Manitski, the former Foreign Minister. The sale was eventually allowed to proceed and sales contracts are being negotiated with foreign and domestic investors. However, no public announcement has yet been made by the

Privatization Agency concerning any completed transactions.

The Government is continuing to refine the reporting relationships and roles of the different organizations involved in large enterprise privatization. Although the final structure had not emerged by the end of this project, the Government was planning to merge the State Property Board and the Privatization Agency into one body, to be placed within the framework of the Ministry of Finance.

In general, the overall approach to large enterprise privatization is straightforward and clearly stated. However, lack of clearly defined roles and responsibilities, lack of transparency, and organizational change within the Government have hampered progress. An additional roadblock to successful large enterprise privatization (and indeed privatization in general) continues to be the lack of certainty concerning ownership reform. The Government is committed to providing restitution to owners whose property was expropriated during the Soviet occupation, however, implementation of the restitution and compensation program has proceeded slowly. As a result, purchasers of state-owned property are concerned that their transaction may be delayed or annulled by a last minute restitution claim made against the property they are trying to purchase.

A more detailed assessment of the major issues and outstanding problems surrounding the Estonian privatization programs is included in the "Policy and Procedural Recommendations" deliverable, included in Appendix 3.

VII. Level of Effort and Individuals Involved

NAME	LEVEL OF EFFORT
Gail Buyske	50
Lizann Prosser	32
Art Warman	2.25
Gus Vega	29.125
Lucja Cannon	51
Robin McPhail	3
Warren Cooke	3.34
Jack Moore	5.120
Tom Balderston	183
Scott Vickland	23.875
Anne Nisenson	53.875
Jim Folino	36

ASSISTANCE TO THE MINISTER OF REFORM

Introduction

In response to a specific request from the Minster of Reform, Mrs. Liia Hanni, the Deloitte & Touche Consortium identified and fielded an *ad hoc* policy advisor to assist the Minister. The Advisor, Ms. Lucja Cannon, provided verbal and written advice on overall privatization policy, particularly related to the new, comprehensive privatization law that was introduced in the Parliament in the last week of may.

The report attached here is a compendium of the written documents produced by Ms. Cannon during the course of the two-month assignment (April and May 1993).

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA SWIATKOWSKI CANNON

SUBJECT: PRIVATIZATION INSTITUTIONS IN ESTONIA

DATE: 19 MARCH, 1993

The government of Estonia is finalizing its concept of privatization policy which will be translated soon into a complete policy and legal framework. This concept consists of the multi-track approach with an emphasis on restitution, both in kind and in vouchers. Privatization brings about not only the new economic and social order but also a new division of labor and power among state agencies. What is necessary now is the reorganization of the institutions which will be implementing the privatization policy. To elaborate this new institutional framework, it is necessary to look at the experience of the other reforming East European countries, such as Hungary and Poland, pioneers in East European privatization, and Slovenia and Germany, which have significant similarities to Estonia.

HUNGARY

Hungary has been decentralizing and reforming its economy from 1987 and progressed through several different concepts of privatization. The first method that emerged in 1987 was spontaneous privatization. The state-owned enterprise (SOE) became a holding company (often holding debts and social services), while profitable divisions were spun off as separate joint stock companies which were allowed greater freedom from state administration and tax allowances. These companies attracted additional funds from investors through selling shares, debt-equity swaps with their creditor banks, and tax reductions.

Spontaneous privatization method was not abolished but the government initiated in 1989 the transformation of the whole SOE. In this way, shares of the transformed SOE were managed or sold by state organizations or trustees. The advantage of this form was that the state maintained control but managers could initiate the process, control the whole SOE, and select new owners (their bosses). SOEs also were entitled to keep 20 percent of the income from their privatization. At the same time, a state asset manager organization had to accept the plan and manage the share sale. Its role was basically passive. The proceeds from this sale would go to the state budget (except for the 20 percent). However, the organization to manage the shares of transformed companies was never established, so transformations did not take place.

After political changes of 1989, the transformation procedure was denounced as favoring the old managers. The concept of the state asset manager was changed to an active and powerful State Property Agency, subordinated to the Prime Minister. The Agency

engaged in the active privatization in that it directly controlled every transaction initiated by the autonomous SOEs. It had the right to veto it or to start the process itself. The SPA started the First Privatization Program, consisting of 20 of 2000 SOEs. It could select SOEs to be privatized and nominated -after a tender - an official advisor. The concept of privatization and its implementation was devised by the advisor who was entitled to negotiate with investors in the name of the SPA. However, in practice, this method created much uncertainty because investors would negotiate with all parties involved in any way with the transaction: the managers, the SPA, the local government, the civil servants of the branch ministries, and the advisor of the SPA. Thus, this method turned out to be too slow and expensive for Hungary.

As a result of the dissatisfaction with the centralization of the privatization process, a new model was devised in 1991: the self-privatization. According to this method, the SPA selects official advisors to the program who sign a contract with the SPA as its official representatives and who decide about the privatization method, process, and price. However, they may charge success fees and a premium only if they are able to sell their companies by the end of 1992. They are financially responsible for all transactions, can be blamed if the asset valuation did not reflect a fair market value, and must compensate anybody for all costs and losses, resulting from their negligence.

The SPA introduces a list of acceptable advisors and determines the conditions of the advisory contract but the SOE must choose an advisor from the list. If it does not, it must follow the slow and bureaucratic authorization process of the SPA. Self-privatization method consists of a delicate system of checks and balances that aims to harmonize the interests of the state as a seller, of the SOE, and of the intermediary: the advisor. The advisors on the list are controlled by the management and employees because a preference is given to the management-employee buyout, according to the agreement with the SPA. They are controlled by their competitors who were not selected. The management is controlled by the advisor because of his liability for negligence and misappropriation of funds. The incentives of all parties appear to be aimed at success. While there are still problems with the uncertainties of the bargaining process between the SPA, SOEs, and investors, concealing of information, and asymmetric costs and benefits, the process is much improved.

In 1992, three new laws were passed. One created the State Asset Management Agency to administer state assets for longer term. It has 25-100 percent ownership share in 143 firms, including the Malev Airline,state oil company, and the Ibusz bus company. The representation of the state as an owner is solved through a member of the Cabinet, the minister without portfolio, being responsible for privatization.

The law on the Sale, Utilization, and Protection of Assets in Temporary State Ownership replaces the transformation law. The State Property Agency gains the founding rights of ministries and sets the rules of privatization and of movement of the SOE assets before corporatization. The SPA is organizing itself to be sector-oriented and is creating a network of seller finance. All SOEs are required to be corporatized by 1992. There is also a new Bankruptcy Law which defines procedures for the declaration of bankruptcy and of liquidation of corporations.

(Based on Istvan Csillag, "The role and functions of the State in the property reform and privatization" and Tarkany Szucs, "Privatization in Hungary, Processes and Achievements.")

POLAND

Poland experienced spontaneous privatizations in 1988 when the law on private ownership was changed to give more freedom to managers of large SOEs. In 1989, after negotiations between Communists and Solidarity started, there were experimental employee\management buyouts. In July 1990, the Law on Privatization was passed. It created the Ministry of Ownership Changes which was powerful and a focus of all decisions. Originally, all SOEs were supposed to be transformed into state-owned joint stock companies and Solidarity-dominated employee councils abolished. After protests, it was agreed that only those companies whose privatization was imminent were to be transformed. All authority was to be vested in Ministry of Ownership Changes, a secondarily, in management.

After financial and legal analysis and debt restructuring, enterprise would be offered for sale through public offer on the soon to be organized stock exchange to both domestic and foreign buyers or through invitation to negotiate to foreign buyers. Employees had a right to buy 20 percent of shares, subject to restrictions.

Privatization through liquidation could be implemented by the founding organ (usually the ministry) or an employee council. The enterprise could be sold as a going concern or its assets disposed of at auction. On the initiative of the employee council, the company could be leased to a group of employees.

Due to the dissatisfaction with the privatization law because of vesting of all authority in the Ministry of Ownership Changes and abolishing authority of employee councils, because it was regarded that the Law favored foreigners and old Communist officials and did not permit participation by ordinary citizens, and because the Law was inadequate to deal with the large number of SOEs to be privatized, the search for a new law started as soon as this one was passed by the Parliament.

The mass privatization law was proposed in July 1990 but was rejected by the Polish Parliament in March 1993. The Polish government plans to resubmit it. 600 large SOEs were planned to be privatized under this program. 60 percent of their shares would be allocated to about 20 National Investment Funds. The Fund could be either a "core investor" in a company with 33 percent of the stock, or a "minority shareholder" with 27 percent. Ten percent of shares would be given free to employees of each enterprise. The State Treasury would retain 12 percent. A newly created investment fund for retirees and public servants would receive 18 percent.

Managers of Investment Funds will be chosen from international investment and consulting firms and supervised by Polish majority boards of directors. Some 27 million Polish citizens are eligible to buy vouchers which can be traded or exchanged for shares in

Investment Trusts. They can also be traded on the Warsaw Stock Exchange, starting in 1994.

The sectoral approach to privatization involves a grouping of companies in the same industrial sector and assigning them to the same financial advisor who has to formulate and implement a privatization strategy for all of these companies. The advisor must analyze the entire sector to determine key competitive factors, consider the current structure of the relevant industry, look at likely changes, and examine alternative policy scenarios. This privatization strategy continues, even though it is not clear what to do with companies that cannot be sold.

While legislation on the State Treasury was being prepared in the Polish Ministry of Finance since 1989 to better manage existing state property, the Mazowiecki government never organized it. The Ministry had the monopoly on enterprises being privatized, while the implicit assumption was that SOEs that cannot adapt to market conditions should go out of business. This attitude was rejected by Polish society as demonstrated by Parliamentary elections of October 1991. The Olszewski government put greater emphasis on two issues: management of state property through State Treasury and restitution. The government fell in June 1992 before either of these bills was passed by the Parliament.

Privatization through restructuring was prepared at the end of 1991 and continues until today. Management contracts are signed between turnaround managers and the Ministry to restructure Treasury-owned joint stock companies.

The government of Hanna Suchocka, combined of several approaches to quicken the pace of privatizations and to deal with the situation of rapidly deteriorating SOEs that until now have been neglected. The Pact on SOE forces all companies to choose their own privatization strategy. In case SOE does not within three months, it will be transformed into Treasury joint stock company. If the SOE is in bad financial condition, it must sign an agreement with creditor banks to restructure debts or sign a management contract to improve its performance. The new elements are that the employees have a right to participate in a decision how to privatize and that the buyer has a right to buy land where its enterprise is located. Thus, the Pact on SOE represents the decentralization of privatization process.

SLOVENIA

In the past, Slovenia had a "social" pattern of ownership as in the rest of Yugoslavia. The 1988 Enterprise Law and the 1989 Law on Social Capital limited self-management rights of workers and allowed the firms to be transformed into joint stock companies. The laws permitted internal and spontaneous privatization and have been restricted in Slovenia because of abuses. In practice, managers have almost absolute decision-making powers over SOEs.

The 1990 draft privatization law allowed managers a right to buy their company by making 10 percent downpayment and paying the rest over 5-10 years. The second draft of privatization law was based on worker-management buyouts for small and medium firms, and

mutual funds and other institutional investors for large SOEs, over 500 employees. For these large SOEs, 35 percent of shares would be distributed to citizens, 20 percent to pension funds, 15 percent to compensation fund, 10 percent to workers, and 20 percent could be bought by workers and managers at book value.

In December 1990, Slovenia established the Privatization Agency and the Development Fund. Both institutions were created as state-owned enterprises. The Privatization Agency's function is to monitor the privatization process, while the responsibilities of the Development Fund are limited to management and disposal of shares obtained from privatization.

In September 1991, a Bank Restructuring Agency was established. An Enterprise Restructuring Agency is under consideration. Their primary role will be to deal simultaneously with increasing debt, competition issues, and poor financial performance of the banking sector and loss-making enterprises. A Treasury will also be established.

A compromise privatization law was finally passed in November 1992. For large SOEs, 20 percent of shares would be distributed free to workers and managers. 40 percent of shares would be reserved for institutional investors. Of these, 20 percent would be distributed free to citizens via five to ten mutual funds, 10 percent to the Pension Fund, 10 percent to the compensation\restitution fund. Workers and managers would be allowed to choose between receiving free shares in their enterprises or in mutual funds. The remaining 40 percent of shares would be sold to workers and managers or to outside investors.

Prior to the passage of the law, commercial privatization took two forms: direct trade-related sales through the Development Fund and spontaneous management\employee buyouts under the (partial) supervision of the Privatization Agency. The Agency and the Fund are directly involved in such transactions only at the request of the SOEs or when required by the courts. The SOEs had enough autonomy to set up joint ventures or to sell assets but might ask the Fund to be involved to settle restitution issues or to avoid accusations of "wild privatization."
(Based on Boris Plescovic and Jeffrey Sachs, "Political Independence and Economic Reform in Slovenia," and David Ellerman, "Report of the Third Annual Conference on Privatization in Central and Eastern Europe, Ljubljana, Slovenia, December 1992,"

GERMANY

The Treuhandanstalt, German privatization agency, uses a centralized case-by-case methodology. There is no "decentralized" technique. It has over 4000 employees and uses outside consultants. Treuhand does undertake some restructuring of SOEs under its authority. On the corporate level, it splits up conglomerates and spins off unrelated activities. On the financial level, it assumes bad debts left from the past. Environmental liabilities are also typically assumed by the Treuhand or split with the investor.

On the question of price versus non-monetary goals, the German program is clearly

oriented towards non-price goals, such as job preservation and future investment. However, problems are starting to arise with the enforcement of the job and investment guarantees in companies hard-hit by the current recession. This debate seems to point in the direction that the extension and relaxation of the obligations will be probably the most common result.

The German program gives some preferences to internal buyers. About 20 percent of privatizations have been employee\management buyouts, There is a complex system of in-kind restitution. Financial restitution was considered to be too expensive. Critics hold that it has greatly retarded privatization and been a significant deterrent for foreign investors.

The Treuhand is planning to disband by the end of 1993 but plans to devolve some of its functions to new specialized organizations. One organization will monitor 25,000+ contract performances in the future. The SOEs that could not be privatized will be grouped under mini-holding companies. Such a holding company will be a limited liability company, owned jointly by the turnaround managers and the Treuhand. The Treuhand will provide operating capital but day-to-day management will be provided by turnaround managers. During 3-5 years, the holding company is to restructure and sell off its various holdings. The compensation for managers is a standard salary plus a part of the capital gains. (Based on David Ellerman, Report of the Third Annual Conference on Privatization in Central and Eastern Europe, Ljubljana, Slovenia, December, 1992"

RECOMMENDATIONS

The experience of other East European countries suggests that the organization of institutions to carry out privatization policy must be coordinated, transparent, and based on a consensus. There must be a system of checks and balances in order to protect the public interest, yet allow privatization to proceed efficiently and relatively quickly. Starting from the base of institutions and laws that already exist in Estonia, the following recommendations are made:

1) The Central Register for Restitution Claims contains the already accepted restitution claims. It could be expanded to include the pending in-kind claims on industrial enterprises. This could serve as a quick check for investors and second, their settlement could be given a priority, so as not to delay the privatization of SOEs.

2) A Registry of SOEs has already been initiated by the Estonian Privatization Agency (EERE). It should be expanded to include all SOEs and made public to all investors through publications and computer databases.

3) All non-private property should be divided into two basic categories: property that will stay in state hands for a longer period and property that will be privatized imminently. A State Asset Management Agency should be organized for property that cannot or will not be privatized in a short period. Its functions would be: to monitor SOEs to prevent spontaneous privatizations and financial abuses, legal unification of forms of ownership, debt restructuring, possibly restructuring through management contracts.

Alternatively, monitoring and restructuring function could be performed in a decentralized manner, using a combination of methods of German mini-holding companies and Polish sectoral and restructuring privatization. The supervisory functions of the founding ministries could be transferred to the sector mini-holding companies which would monitor enterprises under their control, perform basic reforms, and engage technical assistance consultants in the industrial restructuring process.

4) The enlarged State Property Authority will amalgamate the functions of State Property Department and EERE. A new feature is the Restructuring Unit where preparation for sale will take place: check on restitution claims to get clear title, possible further legal transformations, restructuring of debts, provision of liquidity, etc.

Estonia should adopt a simplified liquidation procedure, applicable to medium size firms, which was very successful in Poland. It can be carried out on the basis of decision of the founding organ or of the employee council. If a company is in a good financial condition but is made up of unrelated parts or it lost its markets or it cannot continue as before for other reasons, it can be split up into separate parts and sold to domestic buyers, with a priority for employee groups.

If a company is in a bad financial condition, it will be liquidated legally and its assets will be sold at auction. Priority is given to employees, and leases and installment plans are provided as part as payment plans.

Small Privatization Unit continues with small privatization as previously. Its additional role is to handle sales of divisions and assets of liquidated SOEs. This division of the State Property Authority should also have the private sector promotion group to act as the liaison with associations of private businessmen to promote its sales, and work on simplifying regulations and taxes, affecting private businesses, to create a more favorable business environment.

The function of Valuation Unit is to value companies and set minimum prices for them. The Supervisory Board could ask for valuation by outside consultants for large or important companies.

Sales Unit is essentially in existence in EERE. Its function is to promote sales of SOEs in international press, negotiations with domestic and foreign buyers, seeking assurances that purchaser meets minimum business standards, collection of funds, supervision of contract terms.

Voucher Privatization Unit will supervise distribution of vouchers and issue regulations on their use.

It would be helpful to organize Public Relations Unit whose job would be to publicize privatization policy among Estonian citizens.

5) The Supervisory Board of Directors of the State Property Authority would consist of six or seven key people or their representatives, occupying positions that make them responsible for the privatization policy in Estonia. These are: Chair - Minister of Ownership Reform; members: Minister of Finance, Minister of Economy, Chairman of the Parliamentary Committee of Economy and Agriculture, Chairman of the Central Committee on Reprivatization, and Representatives of Domestic and Foreign Investors.

The function of the Supervisory Board is to supervise day-to-day implementation of privatization policy set by the Estonian government and Parliament, to establish regulations that will define government directions for policy more closely, and to approve of individual transactions and valuations.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: PRELIMINARY SCHEME OF THE USE OF COMPENSATION VOUCHERS

DATE: APRIL 1, 1993

Each compensation voucher has a nominal face value, depending on the amount of compensation.

Compensation vouchers are exchangeable for capital vouchers to be used in privatization of housing and state-owned enterprises (SOEs). The Privatization authorities must make sure that shares of an appropriate quality are available in sufficient numbers for the compensation scheme to operate.

Compensation vouchers will be distributed in denominations of 500, 1000, and 5000 EEK. Additional information will be distributed to compensated persons to describe the use of compensation vouchers. After receiving vouchers, the recipient will be requested to complete a non-compulsory statistical form, stating his intended use of vouchers.

Decision about tradeability of compensation vouchers will be made in the future. For now, only original holders of compensation vouchers and their closest relatives can use them in the following manner:

1) Housing

Local authorities must accept capital and compensation vouchers for the purchase of housing at their nominal value. It has been established in law that one year of past labor in Estonia is equal to one square meter of a standard apartment, currently 300 EEK.

2) Agricultural Land

The land of collective farms which are to be privatized should be set aside for auctions. Capital and compensation vouchers can be used to bid for the land for agricultural use. These vouchers could also be used to privatize food processing companies.

3) Small Privatization

Small privatization involves the auction of shops, restaurants, and small production enterprises. If the municipal government is the founder of the enterprise, up to 50 percent of

the purchase price can be paid with vouchers. If the central government is the founding organ of the enterprise, 100 percent of the purchase price can be paid in vouchers. The costs of privatization must be paid by the buyer in cash.

3) Large State Enterprises Privatization

The law should state that 10 or 20 percent of shares of large enterprises transformed into joint stock companies should be reserved to be bought with vouchers or the part of the SOE to be sold for vouchers could be established in each individual case. Each month, the Privatization Agency should announce a list of SOEs to be sold by public offer and give basic information about their financial status.

4) Pension Plan

Holders of compensation vouchers who are over 65 and subject to other restrictions could purchase with their vouchers a pension annuity, calculated on the basis of sex and age of the applicant and the amount of their compensation. It would be disbursed through the Social Security Administration in addition to the regular state pension by using the proceeds of the privatization program.

5) Compensation Fund

The current law stipulates that 50 percent of income obtained from privatization of SOEs will be paid into the Compensation Fund which might be administered by one of the international financial institutions. This income could be provided in cash and in shares of privatized SOEs which have been reserved for compensation. Compensation vouchers can be exchanged for shares of this Fund. In addition, these Compensation Fund shares could in turn be used as a collateral for small business loans, obtained from the Fund.

Management of Compensation Vouchers

There should be a special office either inside the Estonian Privatization Agency or outside to make policy about usage of vouchers, to authorize and coordinate actions, and to collect and evaluate information from participating institutions. This office should also devise an informational policy to educate the public. Public expectations of the program must be accurate or there is a possibility of a political disappointment and of undermining the credibility of the government privatization program.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: TREUHANDANSTALT POLICIES

DATE: APRIL 13, 1993

Organization of Treuhandanstalt: The Treuhand was conceived in March 1990 by the last East German communist government. Originally, it was meant to be an instrument of industrial policy in a still quasi-socialist state. After March 18 democratic elections, privatization became a clearer priority. The short-lived democratic government of East Germany passed a Trusteeship Act on June 17 which transferred all state-owned enterprises and property to the Treuhandanstalt and specified that on the day of economic and currency union (July 1), all state-owned enterprises would be converted into West-German style limited liability or stock companies.

The Trusteeship Act and the Treuhand Charter, published shortly thereafter, continue to form the legal basis for its operations. The Treuhandanstadt is an independent entity constituted in public law. Since economic union, it reports to the Finance Ministry in Bonn.

Treuhand has over 3000 staff split between the Berlin Headquarters and its 15 regional offices. The Headquarters is divided into six industrial sector offices with responsibility for functional areas of privatization policy as well as industrial areas. It also has the President's office, and Finance and Personnel offices. The regional offices have direct responsibility for all companies in their areas employing fewer than 1500 people (about two-thirds of total).

Objectives: Treuhand's objective (since June 1990) is to privatize (through 100% sales where possible, sales of subsidiaries and plants, or sales of fixed and/or liquid assets of state-owned enterprises), to restructure in preparation of privatization, or to close down state-owned enterprises when necessary. Additionally, the Treuhand is breaking up conglomerates into smaller enterprises, so 8,000 SOEs were turned into 13,000.

In the early days, the focus of the Treuhand was not on privatization but on defining a restitution policy and on keeping the East German companies afloat after the shock of the currency union when SOEs lost both their domestic and international markets. DM 20 billion liquidity credit was injected into SOEs within three months after currency union. Only at the beginning of 1991 was the Treuhand able to start its privatization drive. In addition, further financial interventions were channelled through Treuhand. At the same time, the agency placed great public emphasis on the restructuring of those companies which could not be quickly privatized and intensified cooperation with the five east German Lander

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(states).

Register of State-Owned Companies: The investor can gain information on East German SOEs by perusing Trenhandanstalt's "company information service", a computer-based information system offering prospective investors a wealth of data on all the companies belonging to the agency. This service can also be accessed from all foreign and domestic chambers of commerce and trade guilds.

Sales Strategy: The Treuhand attempts to privatize companies as soon as possible by soliciting as many bids as possible to gain a realistic assessment of a company value and to consider further offers even while takeover negotiations are taking place. Even if the sale has almost been concluded, the investor can obtain information on the progress of negotiations and has the opportunity to submit his business plan subsequently, providing no express deadlines have been set. The date of submission is far less decisive than its quality.

The bid should contain: a bidding price, a business investment, financial, and employment plans, future business relations with suppliers and customers, and future investment. After submitting his bid, the investor is invited to negotiate with the agency. In addition to great personal commitment, the bidder must also possess sound management expertise in order to run the company successfully. The potential buyers and the Treuhand must agree on a privatization strategy, modified to suit particular company requirements.

In addition to bidding price, the Treuhand takes into account:
--guarantees of protection and creation of viable employment;
--investment guarantees;
--participation in the disposal of inherited ecological damage.
The most important and determining factor is the concept of privatization.

Determination of Purchase Price:

The Treuhand is obliged to sell SOEs at current market price. Cash flow analysis is of limited value due to unreliable data and collapse of the eastern markets. A book value is determined by evaluating current value of assets and liabilities and determination of net assets. Trademarks and bad debts are taken into account by the Treuhand to negotiate the purchase price in addition to interests of employees and the promotion of competitive business structures. These guarantees are reflected in the price and incorporated into a contract. In case of non-performance, compensatory payments are due.

Under Debt Remission and Regulations of September 1990, existing or inherited debts can be wholly or partly written off for the purpose of restructuring the company or enhancing its competitiveness. The purchase price rises when company's bad debts are wholly or partly written off.

Land Privatization:

The availability of commercial property and land is a fundamental requirement in

developing a fully functioning economy in East Germany. The Treuhandanstalt has therefore launched a subsidiary company Liegenschaftsgesellschaft der Treuhandanstalt (TLG) which has been charged with privatizing commercial property and land and dealing with all related issues. The TLG has its own representatives at all branch offices of the Treuhand.

Environmental Damage:

The West German environmental regulations were extended to East Germany in 1990 but owners and purchasers of plants or land for commercial or industrial use can be exempt from liability for environmental damage caused before July 1, 1990. The decision to grant this exemption is an administrative act, decided on a case by case basis after careful consideration of the interests of the purchaser, the damaged or endangered party, the general public, and environmental protection.

Where substantial environmental damage exists, special provisions are concluded in the contract to spread the liability. In order to encourage the prospective buyer to find a sound solution to the problem of accumulated or inherited environmental damage, he is expected to assume a share of the liability himself. The purchaser assumes liability for the accumulated environmental damage up to a fixed basic sum which is negotiable and in reasonable proportion to the purchase price. It is also envisaged that the purchaser assume a percentage share of the total costs of removing accumulated environmental damage to stimulate his interest in finding a financially viable solution. The expenditure required to clear environmental damage should be limited to the level necessary to allow the site to be utilized and remove the immediate danger.

Treuhand Osteuropa: In March 1992, the Treuhandanstalt founded Treuhand Osteuropa Berafungsgesellschaft (TOB) for the purpose of transferring the Treuhand experience to the East European countries undergoing transformation to market economy. This work is based on agreements between individual governments and TOB. Their activities will be aided by TOB's special short-term assistance for a wide range of problems arising from the economic transformation process. Representative of TOB are currently engaged in Hungary, Russia, the Baltic states, Bulgaria and plans are made for others.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: AGRICULTURAL PRIVATIZATION IN POLAND

DATE: 19 APRIL 1993

The Agency of Agricultural Property in Poland was organized on 19 October 1991 to restructure, privatize, and manage the property of state farms. The goal of the Agency is the creation and development of family farms through sale or lease of land and real estate. The Agency is supposed to take over all state agricultural property until the end of 1993. The Agency is unique in a sense that it has the authority of the owner and is self-financing which means that there is a necessity of balancing expenditures to service the debts of state farms, taken over by the Agency, with income, derived from sales, leases, administrative contracts, etc. of managed property. At the same time, even though the Agency is self-financing, it is obligated to implement the government policy. The goals of the Agency are restructuring, decreasing the number of employees, and privatization. The possibilities of management of agricultural property include: sale, lease, incorporation into existing company, administrative management, hiring of new managers, retiring the land, or creating a forest. The Agency has the authority over 1495 state farms and 261,000 employees.

The activities of the Agency are hampered by a number of difficulties: high debts of state farms, a lack of capital among potential buyers, an unsettled issue of reprivatization, unclear land titles, and social conflicts over jobs.

The main criticism of the Agency's activities is that it is accumulating state agricultural property faster than it is distributing it, thus becoming a vast new state landlord. Another criticism touches on the Agency's preference of family farms which is not regarded as justifiable. An important augmentation of the Agency's authority would be giving it a right to hold discussions with the World Bank and other financial institutions to obtain credits for restructuring of state farms, training, and creation of new jobs in the countryside.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: COMMENTS ON DRAFT PRIVATIZATION LAW

DATE: APRIL 20, 1993

The privatization law should contain two paragraphs on a simplified liquidation procedure (legal termination of state-owned enterprise) which would create a new and potentially successful method of privatization, particularly of medium-size enterprises.

First, in case the state-owned enterprise is effectively bankrupt and it cannot pay its taxes and dividend or it was declared officially bankrupt by the court, it can be liquidated by a decision of its founding body. The Minister of Privatization approves the decision. The receiver sells assets of the state-owned enterprise in order to pay off creditors. After the enterprise is crossed out from the Register of State-Owned Enterprises, any remaining assets can be transferred to another company or sold by the founding organ.

Second, state-owned enterprise can also be privatized as a going concern by a decision of the founding body with the approval of the Minister of Privatization. There are three forms of this kind of privatization:

1) sale of the whole or a part of the enterprise through a special "fast track" or a usual liquidation procedure,

2) contribution of a state-owned enterprise by the state to a joint venture with a foreign investor,

3) lease of assets, usually to a group of employees.

Lease of assets by a group of employees, management, and/or outside investors is supported by an installment payment plan where the title to property is transferred at the end of the lease.

In the Polish government's proposed pact on State-Owned Enterprise, now before the Parliament, conditions of installment payments are eased in terms of downpayment, payment conditions, and the transfer of title.

The foreign investors can participate in all aspects of privatization through liquidation but can obtain favorable government financing only in areas threatened with high unemployment.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: COMMENTS ON DRAFT PRIVATIZATION LAW

DATE: APRIL 22, 1993

§16: I am not entirely clear what is the program of privatization but I assume that it contains priority areas of industries to be privatized. This is fine and necessary to understand the government priorities. A provision may be included that states that if a foreign/domestic investor expresses an interest in a particular enterprise, it can be pulled out from its assigned space in the privatization queue and privatized on a priority basis.

Income from privatization should be contributed to the state budget and/or the Compensation Fund. The budget of the Privatization Agency should be set by the Parliament in consultation with the Privatization Agency Supervisory Council.

Either here or in §29, principal methods of privatization should be enumerated, such as:

1) invitation to bid for a whole or a part of the state-owned enterprise from foreign and/or domestic investors. The government may require that up to 20 (?) percent be privatized by vouchers;

2) Public sale of shares of the SOE to foreign and/or domestic investors. The government may require that up to 20 (?) percent of shares of the SOE be privatized by vouchers;

3) liquidation: in case of bankruptcy, bad financial condition, or a lack of future business prospects, the founding organ can decide to legally liquidate the SOE and sell its assets at auction or through negotiation;

4) SOE in good financial condition can also be liquidated through state contribution to a joint venture with a foreign investor, through breakup into component parts, or through a sale on favorable installment payment to a group of employees. Conditions of installment payments will be established in separate regulations.

5) management/employee buyout;

6) privatization entirely through vouchers.

7) leases and management contracts;

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§17: I am not sure what the Estonian government attitude is but in Eastern europe generally certain industries are excluded from, at least the first round of, privatization, such as: telecommunications, major transport, national airline, liquor industry, armaments, oil and gasoline distribution, and some others. It is perfectly reasonable to do so.

§19: Determination of Strategy of Privatization:

The strategy of privatization of each SOE should be individual but certain general rules should apply to all which give guidance as to what are the most important considerations in privatization. These procedures should safeguard the public's interest. Individual deals should be subject to clear minimum standards that ensure orderly disposition, maximum return to the state, a fair process for the general public and assurance that the purchaser is qualified to run the enterprise productively. These guidelines include:

1) What are the rules for valuation of enterprises, which methodologies or their combination are to be used?
How to set a minimum price.

2) Should price be an important consideration in privatizing the SOE or should authority be transferred to the outside buyer at only a minimal price?

3) Should employment guarantees be an important consideration? It must be remembered that such guarantees are very difficult to enforce. Most buyers will want to decrease employment but on the other hand, Estonian salaries are so low that most employers will probably keep more employees than they really need.

4) Future investments: obviously the Estonian government should include these plans as a part of the sale but again, this is virtually impossible to enforce but has an impact on the price to be paid.

5) How vouchers are to be used in privatization and in what ways should they be included in determination of the privatization strategy.

6) procedures for selecting purchasers (through bidding or direct negotiation, minimum qualifications, whether to limit purchases by non-nationals, etc

7) payment guarantees or other security where the government is providing the financing

8) Other considerations.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: COMMENTS ON DRAFT PRIVATIZATION LAW

DATE: APRIL 28, 1993

As I understand it, the provision as to who can initiate a process of privatization, lists only two possibilities: the founding Ministry or the municipal government. To increase flexibility and generate competition, I propose that two other initiators be added: a foreign or large domestic investor and/or an employee holding company.

Further, the law contains special provisions for credit payments by domestic investors but not specifically for employees. Employee ownership can take two forms: 1) individual employees can have a right to buy shares of privatized enterprise at a discount, up to their yearly salary level, 2) employees can create a holding company which raises equity through subscriptions by management, employees and pensioners. Employees are not free to individually sell their shares to outsiders. The company redeems the shares of departing or retiring workers.

Employee holding company can buy the enterprise for cash or on credit. Credit can be in a form of seller financing at a special interest rate, secured by the assets of the enterprise. A simplified procedure of valuation can also be established when applied to employees. The employee holding company is especially applicable where the alternative is liquidation of the enterprise.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: COMMENTS ON DRAFT PRIVATIZATION LAW

DATE: MAY 4, 1993

As I understand it, there is a provision in the tax law which allows taxation of in-kind investments at the turnover tax rate (18 percent). Thus, an investor who buys an Estonian company and brings new machinery as part of his new investment must pay this turnover tax. Needless to say, it will either discourage investment altogether or lower the price to be paid for an enterprise. It might be better to make a point in the law that privatization transactions are not taxable.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: COMMENTS ON DRAFT PRIVATIZATION LAW

DATE: MAY 4, 1993

As privatization is proceeding, the question of enterprise debts assumes an increasing importance. It is important to collect information to quantify existing debts. There are different kinds of debts and they must be dealt with in a different manner.

First, inter-enterprise debts should be settled at the time of privatization of ongoing enterprises. Second, debts of liquidated companies should be settled with the proceeds from the sale of assets. If that is not enough, the question arises as to what to do with obligations toward banks, tax authorities, and employees who were not paid. Usually, these debts are written off, except for the employees. One solution is to organize a special unemployment fund which would pay some part of the obligation toward the employees but not necessarily 100 percent.

Third, and perhaps most important economically, attention should be paid to how to settle debts with enterprises in Russia. I propose that a special office be organized in the Finance Ministry to keep track of Russian companies that owe funds to Estonian companies. One solution is to settle these debts through negotiations between the Russian and Estonian governments. The second solution is to try to settle these debts as the Russian enterprises themselves are privatized. Claims can be made against the Russian companies themselves, the Russian government, Western buyers and aid donors, and restructuring consulting organizations. Some money could be raised in this manner.

MEMORANDUM

TO: LIIA HANNI

FROM: LUCJA CANNON

SUBJECT: 23 APRIL 1993 PROPOSAL FOR THE MODIFICATION OF THE 1990 POLISH PRIVATIZATION LAW

DATE: MAY 21, 1993

The Polish Ministry of Privatization presented a proposal for the modification of the existing privatization law of 1990 to the Parliament on 23 April 1993. Here are some interesting highlights of changes:

--the number of entities entitled to propose to transform the state-owned enterprise into a joint stock company has been expanded to include: the Ministry of Privatization, the founding organ, common initiative of the management and employee council of the SOE, and representative of farmers or fishermen, subcontractors of the SOE.

--there is a greater flexibility in breaking up or combining SOEs.

--Article 9 (4) "The company will be responsible for obligations arising from the terms of employment which existed prior to the transformation of the enterprise" has been deleted.

--privileges of the employees have been expanded. Previously, they could buy 20 percent of the company at 50 percent discount. Now, they receive 10 percent of shares for free, and further 10 percent at the discount. Free shares have no votes until the state sells over 50 percent of its shares. Permanent subcontractors of the SOE such as farmers and fishermen have the same rights. Employees have a right to appoint one-third of members of the supervisory council of the state joint stock company. If subcontractors are also involved, they each elect 20 percent.

Article 27 - Debts:

1. Before the sale of shares, the Minister of Ownership Changes, with the agreement of the Minister of Finance, may in the name of the State Treasury assume the responsibility for part or the whole of debts of the joint stock company.

2. The intention to assume the debt of joint stock company will be announced publicly according to regulations. Creditor can protest in writing against the state assumption of his debts within the period of time specified in the announcement but no longer than two months from the advertisement.

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3. The assumption of debt of joint stock company by the Minister of Ownership Changes will be announced publicly similarly to other company announcements.

Article 28 (1)

State Treasury shares will be sold through:

1) public offer
2) public auction
3) public invitation to negotiate

Article 32 - Privatization vouchers: -- new in Poland

1. Parliament, on advice of the Council of Ministers, decides about the issue and value of vouchers to pay for:
   1. shares of state joint stock companies,
   2. participation in investment funds,
   3. state enterprises and/or parts of enterprises.

2. These privatization vouchers will be issued equally to all Polish citizens living in Poland.

Article 33 (2)

The Council of Ministers can decide to allow some vouchers to be bought on credit.

Article 34

According to different regulations, payment for shares bought from the State Treasury can also be made in "commercial papers" - probably government bonds

Chapter 4 - Direct privatization as liquidation of state enterprise

Article 45

1. The purchase agreement makes the buyer the owner of the enterprise.

2. The buyer takes over the obligations of the state-owned enterprise, arising from the conduct of business, without the agreement of creditors.

3. The buyer is responsible exclusively and with his whole property for the obligations of the state-owned enterprise; however, if at the moment of purchase he was unaware of these obligations despite due diligence, he shares the responsibility with the State Treasury.

4. In the above case, the State Treasury can be responsible for obligations of the state-owned enterprise up to the amount obtained from its sale, obtained by the State

Treasury.

Article 46

1. The buyer of the enterprise assumes rights and obligations of the state-owned enterprise in all its contracts, arising from the conduct of business, with the exception of the next point.

2. For important reasons connected with the change of ownership, both buyer and the contractor of the state-owned enterprise have a right, for the first three months, to break this contract, regardless of previous agreements.

----Other rules on the settlement of debts of enterprises are contained in the law " Pact on State-Owned Enterprise" and in detailed regulations of the Finance Ministry.

Draft

LAW ON PRIVATIZATION

I GENERAL PROVISIONS

Section 1. Task of the law.

(1) This law determines provisions and procedure of privatization of assets of enterprises, institutions, other organizations (hereinafter enterprises) owned by state and municipality as well as basis of establishment of the Estonian Privatization Agency and principles of activities..

(2) This law also applies to privatizing of state and municipal stocks or shares within property of other legal persons. (3)

(3) The present law applies to land only in case stated in item 4 of the paragraph 1 aof the section 2. Privatization of land in other cases is effected in compliance with other laws.

(4) The present law does not apply to privatization of livung space owned by state and municipality as well property as said in the Agricultural Reform Law, of collective farms.

Section 2. Object of privatization

(1). The object of privatization is:

1) Assets of enterprises or assets of structural units of enterprises owned by state or municipality.

2) Stocks or shares of enterprises owned by state or municipality (hereinafter stocks).

3) Shares or stocks of other enterprises at the disposal of enterprises owned by state or municipality (hereinafter stocks).

4) Lot belonging to buildings or land necessary to service

them.

(2) State property included to the list of the state property may be privatized in compliance with the decision by the government.

(3) municipal property may be privatized in compliance with the decision by the local government included as well the list of objects to be privatized. Local authorities may present to the Government of Estonia application for privatization of lots belonging to buildings or land necessary to service them.

(4). Expropriation of structural units may be implemented only prior to including them to the privatization lists in compliance with the other legal acts excluding buildings and facilities.

Section 3. Rightful subjects of privatization.

(1) Rightful subject of privatization is a physical person or a legal person whereof shares belonging to the state of Estonia or local municipality form less than quarter according to the statutes or when mentioned persons possess less then quarter of the votes nominated by shares in total.

(2) The organizer of privatization may restrict the circle of participants in compliance with rpivatization programme as said in Section 12:

1) foreigners, stateless persons and legal persons with participation of foreign capital exceeding 50% and foreign legal persons or if they possess more than 50% of votes nominated by shares in total; (in compliance with the foreign investment law)

2) legal persons wherof part of the sahres belonging to the state of Estonia, state owned enterprises or local authorities or locally owned enterprises.

(3) The organizer of privatization may restrict rightful subjects of privatization by presenting additional conditions as of concerning qualification, range of activities and place of activities.

(4) Said in Paragraphs 2 and 3 of the present section should be announces with the information about the sale.

(5) Land m may be privatized to foreigners , stateless persons or legal persons as approved by the Government of Estonia (see item 4 of the paragraph 1 of the Section 2).

Section 4. Organizer of privatization.

(1) Privatization of property owned by state is carried out by Estonian Privatization Agency hereinafter Privatization Agency - PA).

(2) Procedure of privatization of the municipal property and person carrying out privatization is determined by the executive body of local authority.

(3)Procedures of privatization of lots belonging to municipally owned buildings and land necessary to service them is determined by the executive body of local authority.

(4) Transactions connected with privatization may be carried out by physical or legal persons authorized by organizer of privatization or organizer may conclude respective contracts with organizations having corresponding licence.

Section 5 Privatization of unjustly expropriated property.

(1) The organizer of privatization is under obligation to determine before announcing of privatization whether rightful owners have applied for return of property to be privatized and how these applications have been solved.

(2) Unjustly expropriated property that has veen applied by the rightful subject and which according to the law should be returned to him may be privatized on condition that the rightful subject gives up his claim for returning of property in ten written form.

(3) The organizer of privatization arranges in cases mentioned in paragraph 2 og this Section negotiations with

rightful subject of unjustly expropriated property demanding either return or compensation and presents documents compiled in the course of negotiations to the local commission of return and compensation of unjustly expropriatated property.

II PRIVATIZATION AGENCY

Section 6. Legal Status of the PA

(1) PA is formed by the Ministry of Finances and subordinated to the Ministry of Finances and is a state governing institution with status of legal person with its statutes approved by the Government of Estonia

(2) PA is formed by uniting the State Property Board and Estonian Privatization Company.

Section 7. Competence of PA

PA is authorized to privatize state property and carry out other tasks in compliance with the property reform. In order to carry out its competence

1) PA issues state property privatization programmes and lists

2) arranges on behalf of the state holding, using and disposal of the enterprizes on the privatization list

3) presents functions of the founder of the enterprizes on the privatization list, decides and arranges reorganizing and liquidation of the mentioned.

4) arranging privatization of state property;

5) holds negotiations with rightful subjects of the property reform in compliance with the paragraph 3 of the Section 5 :

6) arranges municipalization and renationalization ;

7) arranging involving in economic activities of enterprises included to the list of privatization, incl. establishment of legal persons with participation of foreign capital with the state property in its initial capital (hereinafter enterprises with foreign capital) in compliance with the foreign investment law as well as leasing or utilization of the enterprise;

8) issues action licences to the persons connected with privatization transactions.

Section 8 . Council of PA

(1) The managing organ of PA is the Council of PA consisting of 11 members. 7 members are appointed by the government and 1 member by the Board of the Bank of Estonia. Minister of Property Reform and Minister of Finances and Minister of ..... are also member of the Council.

(2) Members of the Council nominated for 3 years. The member of the Council may be called back by the organ that appointed him.

3) The Cahirman and his Deputy nominated by the Prime Minister and proposal made by the Council of PA. The Chairman represents the Council , organizes its activities, directs meetings of the Council, sees to fulfilling of the decisions of the council . In the absence of the Chairman the above mentioned actions are carried out by his deputy.

4) The Council is in the position of making decisions with at least 8 members present, incl. the Chairman or his Deputy.

5) Voting by simple majority. In case voices devide equally the Chairman or his Deputy have decisive voices.

Section 9. Competence of the Council of PA.

(1) The competence of the Council of PA is determined by the present law and the Statute of PA.

(2) Exclusive competence of PA:

1) Submitting to the Government proposal about privatization of land in compliance with paragraph 1 of the Section 2.

3) submitting privatization programme to the Government of Estoniato be confimed;

4) approval of the list of enterprises to be privatized;

5) approval of additional conditions of privatization of enterprises to be privatized as of paragraph 2 of the Section 21.

6) limiting the circle of rightful subjects of privatization and

and limiting of using different means of payment as of parag. 2 and 3 of the Section 3.

7) limiting the range of different means of payment;

8) approving of the reorganization plans of the enterprises to be privatized and presenting applications for financing to the Government, expanding stock capital of the enterprises;

9) deciding on the question of municipalization of state property;

10) Deciding on the holding of operations of objects to be privatized included to the list incl. legal persons with foreign capital (see parag.7,Sect.7).

11) Determining the most favourable proposal in the course of preliminary negotiations.

12) approval of the report of PA submitting it to the Government once in a half of the year.

Section 12. Fundamentals of actions of PA

(1) Property of PA is formed of property teranferred and acquired in the course of economic action, also property to be privatized transferred to its balance.

(2) Cost of maintenance of PA will be taken from the state budget.

(3) Expenses connected with organizing of privatization of objects to be privatized in compliance with the parag. 4. sect. 4., are covered by money gained in sale of privatized property within limits set by the Government.

(4) Restructuring and reorganizing are financed from sale income of privatized property that goes to fund of the Government.

(5) The Republic of Estonia is not responsible for material liabilities of PA and PA is not responsible for liabilities of the Republic of Estonia.

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Section 11. Termination of action of PA.

The termination of action of PA is carried out in comoliance with the law.

III PREPARATION OF PRIVATIZATION

Section 12. Privatization programme (PP)

(1) The basis of organizing of privatization is PP compiled at least once a year.

(2) Compiled by PA in cooperation with the ministries and approved by the Government.

(3) Municipal PP - compiled by executive body of the local authority, approved by municipal council.

(4) PP presented in paregraph 1 of the Section 12 consists of:

1) priorities in different branches of economy;

2) basic ways of privatization used in different branches of economy;

3) general principles of restructuring and reorganizing;

4) extent of using of privatization securities when privatizing different objects;

5) basic principles of limiting the circle of the rightful persons of privatization;

6) general principles of additional conditions applicable at privatization.

Section 13. Determining of objects to be privatized

(1) Suggestions to the organizer of privatization to privatize state property are made by the minister whose subject is the enterprise to be privatized.

(2) Including the object to the list could be initiated by the organizer of privatization .

(3) Proposal should be coordinated with the minister whose subject is the enterprise to be privatized.

(4) Announcement about the privatization proposal forwarded by the organizer to the local government on which territory the object is situated.

(5) Lists of privatization to be confirmed in compliance with the parag. 3 of the Sect.2 and item 4 of the parag. 2 of the Sect. 9.

Section 14. Holding, using and disposing of property to be privatized.

(1) With including of state and municipal enterprise on the list of objects to be privatized rights and obligations of establisher of the enterprise are treansferred to the organizer of privatization.

(2) After including of property of an enterprise to be liquidated to the list of objects to be privatized the daid property with itas rights and pbligations is transferred to the balance of the organizer of privatization .

(3) announcement of the bankruptcy of the enterprise included to the list of privatization as being a debitor can be presented only by the organizer of privatization.

(4) After approving of property to be privatized to the list of objects to be privatized the possessor of the property incl. shares , is not entitled to expropriate property to be privatized to make changes in the composition of this property , to reduce current assets or to conclude any contracts with this property without consent of the organizer of privatization or in compliance with regulations by the organizer of privatization.

(5) In case state or municipal enterprise is not liquidated in the course of privatization the property will be in the balance of the latter.The said enterprise holds, uses and directs property to be privatized in consideration of the restrictions presented in the given law.

(6) The organizer of the privatization has the right to demand changes made in the lease agreement or terminating it if the rights of the owner are violated.

Section 15. Reorganizing the enterprise.

(1) Reorganizing of the enterprise or its structural unit included to the list of enterprises to be privatized should be implemented up to the decision made by the organizer of privatization

(2) State owned enterprise or its structural unit included to the list of privatization should be reorganized to a state stock company or an economic union.

Section 16. Restructuring of the enterprise.

(1) Expenses in connection with privatization are carried depending on the ownership whether by state or local authorities and proposal about carrying expenses presented by the organizer of privatization.

(2) Restructuring of the enterprise to be privatized is organized by the organizer of privatization.

(3) With the aim of restructuring of the enterprise included to the list of privatization the organizer has the right to expand stock capital of the enterprise. Income from the sales of the additionally issued stocks or shares remains at the disposal of the enterprise to be used by the organizer in compliance with the established procedure.

(4) The said shares of the paragraph 3 of the present Section to be sold to the rightful persons of privatization in compliance with the established by the organizer of the privatization procedure.

Section 17. Information to the purchaser about the object to be privatized

(1) The organizer is to compile information about the object to the interested purchaser before announcing privatization about the object to be privatized indicating whether the land is to be sold as given in the parag. 1 of the Section 2.

(2) Enterprise included to the list of privatization is obliged to give information discribing the object to the organizer of privatization.

IV CARRYING OUT OF PRIVATIZATION

Section 18. Announcing of privatization.

(1) Sale of the object included to the list of privatization to be announced publicly.

(2) PA may announce of international public sale.

(3) After announcing of privatization conditions of privatization should be given about the sale to the purchasers indicating as well whether the land is included.

Section 19. Getting acquainted with property to be privatized.

The purchaser has the right of getting acquainted with the property to be privatized in compliance with the established order by the organizer of privatization.

Section 20. Ways of privatization.

(1) Ways of privatization are as follows:

1) Sale of enterprise or shares or structural unit with preliminary negotiations;

3) public sale in stock exchange;

4) sale of enterprise orshares or structural unit the way established by the organizer of privatization if there was no purchaser in compliance with the paragraph 1 or 2.

(2) Property to be privatized could be sold for money , popular capital vouchers or compensation vouchers (hereinafter privatization vouchers) .

Section 21. Sale of the property with preliminary negotiations

Section 21. Sale of property with preliminary negotiations.

(1) Sale with preliminary negotiations is to be carried out in compliance with the additional conditions determined by the organizer of privatization.

(2) Main additional competing conditions may be:

1) guaranteeing of employment;

2) creating new jobs;

3) volume of investments;

4) environmental commitment;

5) other conditions regulating activities of the enterprise or its structural units.

(3) The organizer of privatization has the right of determining restrictions limiting additional conditions.

(4) The rightful subject of privatization should bid on purchase price and additional conditions and present a guarantee to fulfill his bid as well.

(5) The organizer of privatization is entitled not to allow to preliminary negotiations those persons whose bids are not suffiicient and presented guarantees to support proposal are not adequate according to organizer's mind.

(6) Preliminary negotiations are confidential and will not be published either publicly or to other participants in public sale. This requirement is not applied in case of bids to purchase separate units of the object to be privatized , about which necessary information to the other bidders could be let by the organizer of privatization.

(7) After the end of preliminary negotiationsevery bidder draws up his final bid in written on the purchase price and additional conditions.

(8) The purchase agreement is concluded with the person whose bid is according to the organizer the best considering of the additional conditions and the price. In case of no suitable bids the organizer is entitled not to conclude a purchase agreement.

(9) In case bids are equal, the organizer of privatization will present a chance to the bidders to improve their bids.

Section 22. Selling of property or shares in public or limited public sale.

(1) Public or limited public sale will be used in case in compliance with paragraph 2 of the section 21 of the present law no additional conditions are applied or in case additional conditions are final and not negotiable.

(2) Public sale in the meaning of this law is the way of selling property or shares and where the purchase agreement will be concluded who offered the highestpurchase price and accepted the additional conditions.

(3) Public sale could be written or oral. The procedure of public sale used in privatization is established by the organizer of privatization.

privatization are entitled to participate.

(5) In case of limited public sale the organizer of privatization will limit the circle of persons participating in compliance with the paragraph 2 of the section 4 or apply restrictions to rightful persons in compliance with the paragraph 3 of the Section 4.

Section 23. Selling shares of the enterprises to be privatized in stock exchange.

Public sale in stock exchange is carried out in compliance with the other legal documents.

Section 24. Initial price

(1) The organizer of privatization establishes initial price in public or limited public sale and the initial price is published no less than 7 days prior to the sale.

(2) Initial price might not be determined in case of the second public sale is likely to fail for the initial price.

(3) Setting of the initial price for the land as said in item 4 of the paragraph 1 of the Section 2 is the responsibility of the Government of Estonia independent of the ways of privatization.

Section 25. Depositing state property in an enterprise with foreign capital.

Establishing an enterprise with foreign capital as the part of initial capital may be used state property with no purchaser in compliance with the present law.

Section 26. Privatizing property by instalments.

Estonian citizens and legal persons of the Republic of Estonia not bound with foreign investors (see Foreign Investment law: RT,1991,nr.31, art.376- Section 3) can purchase property to be privatized by instalments. Procedure of instalments and conditions enforced by the organizer of privatization.

V USING OF PRIVATIZATION SECURITIES

Section 27. Privatization securities are debentures for unjustly expropriated property and popular capital vouchers issued in compliance with the law of the Republic of Estonia "On privatization of housing". Privatization securities are specific documents guaranteeing their owner the right to purchase property for the nominal value of the securities at the market price of the property to be privatized.

(2) Possible to purchase using privatization securities:

1) property to be privatized incl. stocks and shares;

2) land in compliance with the land reform law;

3) housing in compliance with the housing privatization law;

4) compensation vouchers in compliance with the compensation fund law;

5) shares of the investment funds as given in the Section 28 of the present law;

(3) Privatization securities may be deposited to the pension fund as said in Section 29 of the present law.

(4) The state guarantees that the owners of the privatization securities may purchase property or bonds in compliance of the Section 2 till December 31.1998 at their market price.

(5) Privatization securities are of purposeful , they are inscribed and heritable. Transfer and expropriation of securities is allowed only in compliance with the law.

(6) Privatization securities are issued in compliance with the regulation by the Government of Estonia.

Section 28. Using of privatization securities

(1) With using of privatization securities to buy property to be privatized their writing off is effected.

(2) Privatization securities may be used to buy property to be privatized either directly or through brokers. The following organizations act as brokers:

1) investment funds of privatization

2) pension funds.

(3) In privatization of an enterprise or its structural unit or shares by the organizer of privatization will determine limit of using of privatization securities.

Section 29. Investment fund of privatization

(1) Investment fund of privatization acts as a stock company entitled to sell its shares for privatization securities and money.

(2) Investment fund of privatization has the right of purchasing property to be privatized, stocks and shares for privatization securities obtained and money.

(3) Procedure of establishing,registration and activities of the investment fund of privatization to be enforced by the Government of Estonia.

Section 30. Role of the pension fund in privatization.

Founding and principles of activities of the pension fund and its participating in privatization are regulated by the other legal acts.

VI INVALIDATION AND CHANGING OF LEGAL ACTS REGULATING PRIVATIZATION

Section 31. To change Chapter IV of the Property Reform Law of the Republic of Estonia,"Privatization"

To make following changes in the Chapter IV "Privatization"of the "Property Reform Law"(RT 1991,nr.21,art.257):

1) To change Section 32 and to phrase it as follows: "Privatization is transfer of ownership of state or municipal property whether for charge or free of charge as the concequences of what property will be owned by other persons. "

2) To announce invalid 2.paragraph of the Section 33.

3) To make following changes in the Section 34:

3.1. to change paragraph 1 and to phrase it as follows:

"Rightful subjects of privatizsation of state and municipal

3.2. to announce invalid paragraph 2;
3.3. to change paragraph 4 and to phrase it as follows:
"Obligated subjects are enterprises which property to be privatized and these staate and municipal organs who are obligated to privatize state and municipal property in compliance with law.".
4) To change paragraph 2 of the Section 35 and phrase it as follows:
"Privatization of municipal property is carried out by parish, town or county authorities if not determined otherways by the law.".
5) To change paragraph 3 of the Section 35 and to phrase it as follows:
"Property to be privatized by stage in consideration of specific termsin compliance with the law.
6) To make following changes in the Section 36:

5.1. to change paragraph 1 and to phrase it as follows:
"Basic way of privatization is sale for money,compensation vouchers and popular capital vouchers."
5.2. to announce invalid paragraph 2.
7) To make the following changes in the section 37:
"Permanent residents of Estonia will get popular capital vouchers in the compliance with the conditions and value established by law.".
"Popular capital vouchers are inscribed and heritable. USING of them at privatization of state and municipal property and other fields of the property reform is determined by law."
8) To announce invalid Sections 38 and 39.

Section 32. On changing the decision of the Supreme Council of the Republic of Estonia "On the implementation of the Bases of property Reform law"

To make change inthe decision of the Supreme Council of the Republic of Estonia "On the Implementation of the Bases of Property Reform Law" (RT,1991,nr.21,art.258) as follows:
1) to announce invalid last clause of the item 2.
2) to announce invalid second paragraph of the item 3.
3) to change item 9 and to phrase it as follows:
"Invalidate all the deals in disagreement with the present decision, item 8 of the present decisionand carried out after coming into force of the present decision."
4) to announce invalid item 10.
5) to announce invalid item 11.

Invalidation of the legal acts regulating privatization
Section 33.

(1) Law of the Republic of Estonia from Dec. 13,1990 "on the privatization of the state servicing, trading and catering enterprises"(RT,19909,nr.22,art. 277).
2) Law of the Rep. of Est. from May 21,1992 "On the changes and amendments in ..."On the privatization of the state servicing, trade... etc." (RT.1992,nr.23,art.320).
3) Decision by the Supreme Council from Aug.13,1992"On the conditions of privatization of state and municipal property", together with its appendix (RT,1992.nr.33,art.426.
4) Decision by the Supreme Council from Aug.13. 1992, "On the sale of the stocks of state joint-stock compamies"(RT,1992,nr.33,art.425).

(2) To the moment of the present law to become effective those objects included to the list of object to be privatized in compliance with the valid laws a.o. legal acts .

Speech Given by Minister Hanni in Stockholm on May 3, 1993.

Privatization in Estonia

The consensus on transformation to a market economy and property reform in Estonia evolved over time in parallel with national demands for independence and the growth of democratic institutions. Privatization became one of the key issues in the political polarization of the Estonian society. The mechanisms for quick privatization, and particularly the use of privatization vouchers, has been the main point of discussion. Political debates have considerably slowed down the legislative process in the Parliament and reduced consistency and determination at the executive level. Nevertheless, the general legal conditions necessary to bring about transformation from state ownership of property to private ownership have been provided.

The debate on privatization started in 1990 with a perceived need for private property to provide a base for a market economy, to serve as a prerequisite of efficiency gains, and to create a stable, independent middle class that is the base of democracy. The desirability of privatization was first expressed in the passage of the Law on Privatization of State-Owned Service, Trade, and Catering Enterprises on December 13, 1990. A number of retail and service establishments were privatized according to this law. However, it created a lot of dissatisfaction because it had no clear rules on valuation of enterprises, on minimum standards, and gave large privileges to managers and employees which were judged to be excessive.

As a result of a wide-ranging debate and experience with the small privatization law, a comprehensive law on Fundamentals of Property Reform was passed in June 1991. This law made the compensation and restitution of almost all property, confiscated after Estonia was incorporated into the Soviet Union in 1940, an important factor of the reform policy. Under this law, compensation for confiscated property is effected either through restitution in kind or through compensation vouchers. The deadline for restitution and compensation claims passed on 31 March 1993 and 217,329 claims were filed. They are being processed and resolved by municipal authorities. The resolved and accepted claims are listed in the Central Register of Claims. By the beginning of April, about 12 percent of claims were completely resolved.

In addition, a particular kind of quasi-money - "national capital" vouchers were authorized to be issued as a means for residents of Estonia to participate in privatization. Their value is based on years of work in Estonia. Both kinds of vouchers are essentially indistinguishable and can be used in privatization of housing, land, and enterprises. They can be pooled with other family members, but not traded.

While the issuance and validation of vouchers is proceeding and their uses are not precisely defined as yet, privatization on a commercial basis is going ahead. Small privatiza-

tion and pilot privatizations of large enterprises are proceeding without the use of vouchers right now. The new, comprehensive privatization law will resolve the issue how to combine commercial sales with the use of vouchers.

Small Privatization

Since the first small privatization law contained various ambiguities and contradictions, it needed major revisions. A new small privatization law was passed in May 1992 "On Privatization of State-Owned and Municipal Enterprises" which was a rewritten and amended version of the previous law. This law was more flexible to accommodate a variety of situations. The principal changes included an increase in the upper limit of book value of assets of the enterprise to be privatized under the small privatization law to 6 million rubles (600,000 crowns after the monetary reform), inclusion of all types of enterprises of that size, allowance for the participation of foreign investors, and specification of public auctions as the principal means of enterprise sales. In addition, other conditions could be imposed such as: maintainance of employment, staying in the same line of business, and preference to the employees if other terms were
equal. However, previous privileges of employees such as a right to buy an enterprise at book value with no competition, were eliminated.

The Department of State Property of the Finance Ministry was authorized to carry out small scale privatizations. About 1300 small enterprises were enumerated on the privatization list which is not yet complete. As of 1 April 1993, 714 of them were sold for almost 70 million crowns. The amount of cash received is much smaller as many sales were made on installment. However, a conclusion can be made that about one third of small scale privatization is completed.

Privatization of Large Enterprises

Privatization of large enterprises started in 1991 with pilot privatization of seven state-owned companies on the authority of special permission from the Parliament and the President. These privatizations were carried out on the basis of the existing small privatization law. The companies were bought by private joint stock companies created by respective company management and employees.

In 1992, more favorable conditions were created for large scale privatization in Estonia. A new democratic constitution was adopted in June 1992 which established a legal framework for protection of property rights. Also in June, the monetary reform was launched through introduction of national currency - the Estonian crown - instead of the ruble. Own currency allowed Estonia to control inflation that was getting out of control in Russia and isolate itself to some extent from the economic instability there. It also lessened fears that inflated ruble and profits of criminal activities will be used in privatization of enterprises in Estonia.

In August 1992, Law on Provisions and Order of Privatization of State-Owned and Municipal Property was adopted which regulated the privatization of large enterprises, with the book value over 600,000 crowns. The government was authorized to privatize up to 30 large companies in 1992 which after a break up of unrelated activities became 38 companies. The Estonian government with the assistance of the Treuhand Osteuropa created the Estonian Privatization Agency which is carrying out these privatizations. The sale of these companies was announced in November and, despite political conflicts over this issue, numerous bids were received from foreign and domestic investors. Right now, serious negotiations are going on over the sale of 25 of these companies. This sale is still regarded as an experiment before the new comprehensive privatization law is enacted. It is expected that the go vernment will soon announce a new list of companies to be put up for sale.

In addition to these experimental privatizations, plans are being made for the legal and commercial restructuring of companies in preparation for privatization. Right now, companies are commercialized, that is legally transformed into joint stock companies, and while they remain state-owned, they are quite independent from the supervising ministry. Experimental restructuring is also attempted on the basis of a mini-holding company in the chemical industry. In the future, these activities will be carried out under the authority of the new Privatization agency.

Privatization of Housing

One of the important aspects of privatization is its application to housing. The Law on Privatization of State-Owned and Municipal Housing was adopted in April 1992. It enumerated principles for the use of vouchers in housing privatization. Amendments to this law were made at the beginning of 1993 and it has $$$$passed the Parliament in April but was not signed by the President. It defines in detail the conditions under which vouchers can be used in housing privatization, who is eligible to receive vouchers and of what value, creation of the condominium association, etc. Currently, the nominal value of the rational capital voucher was fixed at 300 Estonian crowns for each year worked.

The distribution of voucher cards started in 1993 and, while results vary region to region, is moving ahead. Some housing privatizations have already been carried out, even though considering that rents are low and utility bills considerable, the incentives for privatization of housing are not currently sufficient. The vouchers that will remain unutilized in purchases of housing (expected to be more than one-third of the total) will be absorbed in the large enterprise privatization program.

Land Reform

In 1940, more than 60% of the citizens of Estonia owned real estate property, noted in the register of land titles. Most of the land belonged to 140,000 private farms. Due to the high social prestige of farmers and to the relatively fresh memories of violence and injustice caused by the land expropriation, the Estonian public opinion has been favorably inclined

toward the restitution of real estate property. The Law on Land Reform enacted in October 1991 set the basis for private ownership of land, restored the rights of former land owners, and regulated relations between the rightful heirs.

But there were some legislative and practical problems with this process that considerably slowed down the restitution/compensation of real estate property and impeded its commercial circulation. An additional obstacle was the prohibition of acquisition of land by foreign investors, even if it was connected with the sale of enterprise. This has been remedied by the amendments to the Law on Land Reform which passed in April.

The legislation currently in the Parliament plans to restore the register of land titles to further strengthen private ownership of land. It also will facilitate legal procedures of land valuation and tenure, and settle land taxation policy.

Agricultural Privatization

The privatization of collective and state farms faces specific problems, primarily because the main bulk of land used by these farms belonged to private farmers, whose property rights are to be restored now. Under restitution provisions of the Law on Fundamentals of Property Reform of 1991, land of many collective farms began to be divided into smaller private farms. Some land was awarded to its previous owners as restitution, while owners whose claims are unresolved were awarded a three year lease on a claimed land. In this manner, three-fourths of collective farms were dismantled by municipal authorities already, creating social problems and unemployment.

Privatization of farm implements follows a different set of principles. The Law on Agricultural Reform was passed in March 1992. It created agricultural reform committees for every collective farm, made up of representatives of municipal government, state and collective farms, and farmers' organizations. Assets and livestock of current collective farms are shared according to work contribution and the amount of confiscated assets of each - member.

The separation of agricultural reform from the mainstream of privatization policy has created additional problems with the conversion of the farm work contribution vouchers into national capital vouchers, and with formation of rules for the combination of different vouchers in the process of privatization.

Conclusions

The current dichotomy in the privatization approach in Estonia will be resolved by the new comprehensive privatization law which will be introduced in the Parliament in May. The main goal of this law is to reconcile the two approaches to privatization: commercial sales of enterprises with the use of citizen vouchers. The law will define in which manner vouchers can be used in privatization of small and large enterprises and their assets, in addition to

their use in housing and land privatization.

The second issue that the law will address is the creation of the new privatization agency which will combine the functions of the State Property Department which is in charge of small privatization and the Estonian Privatization Agency which handles sales of large enterprises. In addition, a new division of the agency will be created that will assume authority over all state-owned enterprises and restructure them in preparation of privatization. It is expected that the new comprehensive law will lay the basis for the successful and speedy privatization process in Estonia.

May 3, 1993

Liia Hanni
Minister

Deloitte & Touche

PRIVATIZATION AND REFORM OF THE ESTONIAN BANKING SECTOR

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PRIVATIZATION AND REFORM OF THE ESTONIAN BANKING SECTOR

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INTRODUCTION

In response to a specific request by the the Governor of the Central Bank of Estonia, a team from the Deloitte & Touche consortium reviewed the draft Estonian banking law and the Charter of the Bank of Estonia. The team also conducted a more general review of the Estonian banking sector with the goal of making recommendations to strengthen growth of a private banking industry. The attached report details the findings and recommendations of the Deloitte & Touche Consortium team.

The report is the result interviews and investigation conducted by members of the Deloitte & Touche consortium team both in Estonia and in the United States between July and December 1992.

SECTION I - BANKING SECTOR REFORM

MEMORANDUM ON PRIVATIZATION AND THE REFORM OF ESTONIA'S BANKING SECTOR

Introduction

This memorandum discusses the critical factors linking privatization and the development of the Estonian financial sector. It is organized according to the following three topics: long term developmental issues, the legal framework, and shorter term solutions. This memorandum is accompanied by a related memorandum drafted by the law firm of Milbank, Tweed, Hadley & McCloy, which addresses the Bank Law of the Republic of Estonia in detail.

Long Term Developmental Issues

There are four privatization and asset distribution programs in various stages of development in Estonia. They cover the privatization of (1) housing, (2) agriculture, (3) large state owned enterprises and (4) compensation or restitution for illegally expropriated property. All of these programs rely on some form of financing to achieve maximum effectiveness. To cite the most likely examples, privatization related financing could be required under the following circumstances:

1) For individuals who do not have sufficient housing "vouchers" (distributed to residents according to the number of years they have worked in Estonia) to acquire their homes and therefore require supplemental financing.

2) For individuals eligible for restitution of expropriated property who are required to repay the government for increases in the value of the property and who require financing to do so. (Article 13 of the Law on the Fundamentals of Property Reform stipulates that increases in the value of restituted property must be compensated.)

3) For organizations which require financing in order to participate in the large enterprise privatization program; such as management or worker buyouts or the purchase of one enterprise by another.

4) For newly privatized enterprises which require long term capital investments to ensure their future viability.

5) For newly privatized agricultural units which require long term capital investments.

The common denominator of all these forms of financing is that they are long term. However, the Estonian commercial banks are not able to provide significant long term financing. Furthermore the Estonian stock market is still in a developmental stage and is not an alternative source of long term funding. **We consider the lack of long term credit to be the major financial sector impediment to Estonia's privatization programs and have therefore focused on this issue in this memorandum.**

Constraints to Long Term Credit Availability

One of the most important deterrents to long term lending by the Estonian commercial banks is the lack of a long term deposit base. This is caused by four major factors:

1) The first factor is uncertainty over future inflation and interest rates by both the banks and potential depositors, which makes both parties unwilling to commit to long term deposit contracts.

2) The second important factor is that there is little surplus capital in the Estonian economy. Individuals, state-owned enterprises and new private enterprises are all adjusting to the many changes in the Estonian economy, which have included the monetary reform, loss of historic trading partners in eastern Europe and the former Soviet Union, changes in state budgetary allocations, declines in output related to industrial restructuring, etc. Not only is it difficult for households and firms to increase capital during such a turbulent period, but it is more common to be forced to deplete capital to survive.

3) The third factor is due to the relative newness of the commercial banks themselves, together with the uncertain economic environment which can adversely affect bank loan portfolios. The former state-owned banks as well are perceived to have large portfolios of unrecoverable loans from state enterprises, which do not make them any more attractive for depositors than the new commercial banks. As a result, depositors cannot be sure that their long term deposits will be safe. This concern about the safety of deposits has been exacerbated by the moratoria on the activities of three Estonian banks in November 1992 and the subsequent decision to liquidate one of them. The uncertainty about the outcome of the moratoria and in particular about depositors' rights has understandably increased depositor concern about bank solvency.

4) The fourth factor is the nature of the consumer deposit base. During the Soviet period the only vehicle for savings was the state owned Savings Bank. This bank, which is now

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owned by the Bank of Estonia, still holds the vast majority of individual savings. Individuals are unlikely to shift their savings to other banks in the near term for a number of reasons, the most important of which is that deposits at the Savings Bank are guaranteed by the Bank of Estonia. Other reasons include the force of tradition; the enormous branch and office network of the Savings Bank; and the general lack of interest in consumer banking by the new commercial banks, which have not had the physical facilities nor the inclination to pursue high volume and low income consumer business. It is also likely, although this topic was not pursued in our research, that wealthy individuals prefer the security of offshore foreign currency banking accounts for their savings.

Although the above factors have been discussed in the context of raising deposits, several of them also apply to the lending and borrowing environment. Even if long term funding is available, banks will not lend long term and individuals or firms will not borrow long term without greater confidence in Estonia's future economic and financial stability. Therefore, a long term debt market takes time to develop naturally. Shorter term solutions to the lack of a long term debt market will be discussed after a review of relevant factors in the legal framework.

The Legal Framework

The legal framework is a critical factor in this gradual development of a stable and prosperous banking sector in Estonia. Therefore we requested the American law firm of Milbank, Tweed, Hadley & McCloy to review the Bank Law of the Republic of Estonia and to make recommendations related to the current process of revising this law. Several of the points discussed in their accompanying memorandum bear repeating because of the important relationship that they have to overall economic and financial stability in Estonian and thus to the long term success of privatization. These topics are bank regulation, deposit insurance, bankruptcy provisions, and the relationship of the Bank of Estonia to other governmental institutions.

Regulation

The ability of the Bank of Estonia to regulate the commercial banks is critical to the future stability of the Estonian financial sector. Progress has been made in this regard during 1992, including raising the requirements for minimum bank capital, working on improving and standardizing information provided by the commercial banks to the Bank of Estonia, and laying the groundwork to eventually adopt the capital standards of the Basle Accord. The moratoria

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of November 1992 demonstrate both that considerable work remains to develop the Estonian banking system (it was reported in the press that at least one of the banks subject to a moratorium was reporting fraudulent financial data) and that the Bank of Estonia is very serious about its responsibilities. The accompanying memorandum raises four other regulatory issues which are particularly relevant for current developments in the Estonian banking sector. These are as follows:

1) Part 1, point IB regarding holding company structures: The corporate organization of banks in Estonia will become more complex as Estonian enterprises begin to privatize on a large scale and as banks have opportunities themselves to participate in privatization, for example by underwriting and by investing in privatizing enterprises. The discussion of holding company organization addresses the regulatory aspects of this growing complexity. The discussions of the permissible level of share ownership by banks in Part I 1C, and of transactions among affiliates in Part V are also relevant.

2) Part 1, point IV regarding bank mergers: The new capital requirements for Estonian banks are likely to result in some bank mergers. The accompanying memorandum suggests that the Bank Law specify what authority the Bank of Estonia will have in reviewing these mergers.

3) Part II, point 1C regarding branches and agencies: The memorandum suggests that the Bank of Estonia increase its ability to regulate the formation of branches and agencies. This is also appropriate in light of the expansion of banks and banking services that can be expected to accompany privatization.

4) Part III regarding international operations: The internationalization of Estonia's banking system will increase as privatization proceeds. Part III of the accompanying memorandum recommends that the Bank of Estonia establish some authority over the international operations of Estonian banks. The section on holding companies referred to above also notes the importance of specifying who can own banks, which applies to foreign ownership as well.

Deposit Insurance

Deposit insurance is a topic closely related to banking regulation because it also increases the stability of the financial system. In the United States, for example, the introduction of deposit insurance in 1934 has substantially reduced the number of bank runs since the Depression.

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Deposit insurance is a very complex issue, however, with a number of costs. One of the most obvious is the cost to the government of redeeming deposits in failed banks. Using the United States again as an example, this cost has been enormous as a result of the increase in bank failures over the past ten years. Another less quantifiable cost is the influence that deposit insurance has on bank management and on depositors. It is generally assumed that deposit insurance gives bank management a cushion that encourages them to take excess risks and that deposit insurance lessens the incentive for depositors to monitor the financial performance of their banks. These negative influences are sometimes referred to as "moral hazard".

It is not within the scope of this project to advise specifically on the appropriateness of deposit insurance in Estonia. However, it is important to note that the lack of deposit insurance for the commercial banks in Estonia discourages long term deposits for two reasons. One is that there is no mitigant for the risk of making deposits with relatively new banks that are facing a very uncertain economic future. Depositors might be attracted to these banks if their interest rates are so high that they are seen to compensate for the additional risk, but this can put pressure on bank management to undertake riskier investments to support their more expensive funding. The second reason is that because the central bank owned Savings Bank does have deposit insurance for individuals, it is essentially doubly risky for them to place deposits with the commercial banks.[1] (This discussion assumes that the commercial banks are interested in accepting consumer deposits.)

A partial solution may exist in Article 35 of the Bank Law, which states that the Bank of Estonia will supervise the establishment of a deposit insurance fund by the commercial banks. This fund is also mentioned in Article 19 of the Bank of Estonia's statutes. This fund would certainly not be large enough to insure all deposits, but it could provide some added confidence to depositors. It is our understanding that this fund has not yet been established and that, as of early fall 1992, there were no specific plans for doing so. However, it was mentioned during our research that the commercial banks might take the initiative to establish such a fund independently. Given

[1] The status of deposit insurance for enterprises is not clear. One of the three banks under a moratorium is the Northern Estonian Shareholders' Bank, which is owned by the Bank of Estonia. Although its deposits were not explicitly guaranteed by the Bank of Estonia, at the beginning of the moratorium it appeared that the Bank of Estonia would reimburse the depositors. More recently Prime Minister Laar has stated that there are not sufficient funds to provide such reimbursement. The resolution of this issue will have an important impact on the future status of implicit government deposit insurance in Estonia, particularly as it applies to enterprises.

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the potential importance of such a fund, we believe that if it is to be established it would be appropriate for the Bank of Estonia to take an active role in its development and supervision. If the fund is developed independently of the Bank of Estonia there are a wide range of potential complications, including misunderstandings by the public of the nature of the fund and lack of coordination or agreement between the Bank of Estonia and the commercial banks regarding when and how the fund could be applied. Therefore, if the fund is established without the Bank of Estonia's involvement, this should be made very clear to depositors. The Bank Law and the Bank of Estonia's statutes should also be reviewed to ensure that there is no ambiguity regarding its relationship to a private commercial bank deposit insurance fund.

It should be noted that if the Savings Bank is sold within several years, as is currently anticipated, the issue of deposit insurance in Estonia will have to be revisited.

Bankruptcy

Another issue related both to bank regulation and to deposit insurance concerns bankruptcies. Depositors need to know what their rights will be in case a bank holding their deposits becomes insolvent. The accompanying legal memorandum outlines issues concerning bank insolvency that could be considered in connection with the planned revisions to Estonia's Banking Law. It should also be noted that Article 57 in the Banking Law, which gives the Bank of Estonia authority to declare one year moratoria for banks in difficulty, may be overly general. The more clarity there is about how these moratoria will work the more likely they are to increase depositor - as well as investor - confidence. For example, it appears that one shortcoming of the recent moratoria has been perceived inequities in allowing access to deposits. Whether or not this inequity exists in fact, Article 57 and related regulations should be structured in a way that such perceptions do not arise.

Moving from the funding base of banks to their lending operations, two important aspects of the legal framework are the Law on Bankruptcy, which became effective in September 1992, and a law on secured lending, which is currently in draft form. Several of the interviewees noted that the impact of the Law on Bankruptcy will become apparent only over time, because the courts will play an important role in its interpretation and implementation. (It is worth noting parenthetically that the bankruptcy laws in Poland and Hungary did not have their initial intended effect, because of the unwillingness of creditors to force clients into bankruptcy.) This process of clarifying the rights of creditors and debtors in bankruptcy should eventually contribute to a more positive environment for long term lending in Estonia. Completion of the law on secured lending should also have a positive influence on the willingness of commercial banks to make

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longer term loans, because the ability to take security in well defined conditions is an important risk mitigant.

Central Bank - Government Relationship

The final issue related to a stable economic and financial environment concerns the relationship of the Bank of Estonia to other institutions in Estonia, particularly Parliament and the Ministry of Finance. We understand that it is intended to provide the Bank of Estonia with the maximum level of independence, comparable to the position of the Bundesbank in Germany and the Federal Reserve System in the United States. We agree with the recommendations made by the Bundesbank that this independence could be most effectively ensured if it were more thoroughly elaborated upon in the Banking Law. The current provisions may be adequate for the nature of Estonia's economy today, but, as the economy becomes increasingly complex, more and more questions will arise about what financial responsibility lies where. Therefore we recommend that the precise nature of the Bank of Estonia's relationship with the Ministry of Finance be spelled out in the law.

For example, the recently amended Article 8 of the Bank Law states that the Bank of Estonia is responsible for regulating monetary circulation and for maintaining the stability of the kroon's exchange rate. Responsibility for monetary policy is arguably implicit in these activities, but it would be clearer to make this responsibility explicit. (We understand that the Bank of Estonia is in fact responsible for monetary policy.)

Another example is in the amended Article 8.2 of the Bank Law, which states that the Bank of Estonia participates in formulating the economic policy of the Republic of Estonia. As the Bundesbank pointed out with regard to the previous Article 8.2, it is not clear whether, in this process, the Bank of Estonia is to give priority to maintaining price stability. What guidelines is the Bank of Estonia to follow if the economic policy of the Republic of Estonia contradicts its other responsibilities, such as the maintaining the stability of the kroon's exchange rate? Consideration should be given to how such issues would be resolved. It would also be helpful to spell out exactly how the Bank of Estonia will participate in formulating economic policy. For example, will it be required to submit certain reports, participate in certain committees, etc.

Another organizational factor which influences the degree of a central bank's independence concerns the method for appointing the central bank's senior officers (including board members) and their tenure in office. The central bank's independence increases the less its senior management is dependent on the existing political and governmental authorities for its positions.

This factor should be considered in relation to Estonia's future plans for the frequency of parliamentary elections and the length of tenure of senior central bank officers and board members.

With regard to the degree of independence of the central bank, it is worth noting that central banking experts consider the following five factors (of which the first three have been discussed in this memorandum) as the most important[2]:

1. Specific assignment of responsibility to direct monetary policy.
2. The length of tenure in office of the central bank's senior management.
3. The procedure for selecting the central bank's senior management.
4. The degree of the central bank's budgetary autonomy.
5. Limits on the central bank's ability to finance the government.

With regard to factors 4 and 5, we note that the Bank of Estonia is intended to be self financing, and that the amendments to the Bank Law of July 8, 1992 include a prohibition on the Bank of Estonia from financing the government's budget deficit.

Finally, other common central banking functions which are not elaborated upon in the current Bank Law include supervision of the bank payments system and the interbank market, as well as open market operations and use of reserves to implement monetary policy. All of these are areas that will grow in complexity as the Estonian market economy develops in connection with privatization. Therefore it is advisable to lay the groundwork in the Bank Law for the Bank of Estonia's authority and capacity in these areas. These topics are also mentioned in the accompanying legal memorandum.

Shorter Term Solutions

The discussion to this point has focused on the economic, legal and regulatory environment necessary to develop a commercial market for long term lending in Estonia. Currently the Bank of Estonia and the Government of Estonia are in the process of creating this environment, but to do so successfully will require time. Since the privatization programs are already in various stages of implementation and, as noted at the outset of this report, all of these programs require long term finance to be maximally effective, other more immediate steps will have to be taken.

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[2] John B. Goodman, Monetary Sovereignty: The Politics of Central Banking in Western Europe (Ithaca: Cornell University Press, 1992), p. 9. (Article 10 (2))

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Housing Finance

One partial solution which we understand is already being developed is the creation of a government owned bank to provide housing finance. The major advantage of this solution is that it can be accomplished quickly, while market oriented solutions cannot. However, establishing a government owned bank raises other issues as well. The first issue is whether this is the most cost effective way of creating a mortgage finance market. As is discussed in more detail below, there may be more effective ways to spend the money that will be required to establish and manage this bank. A second issue is that establishing this bank will delay the development of a private mortgage market, because there will no longer be a market demand for it. We question whether this is the intended outcome of establishing this bank. Finally, we understand that it is intended to sell this bank to the public after several years. This goal may conflict with other reasons for establishing this bank, which could include, for example, providing subsidized mortgages to individuals trying to supplement their housing vouchers to purchase their homes. A bank with a significant portfolio of non-market rate loans could be difficult to sell.

It would also be appropriate to estimate the initial demand for consumer finance in the form of mortgages and "restitution financing". If the initial demand is quite small, which could be the case due to the general economic uncertainty, then forming a new bank would not be necessary.

The need for financing related to Estonia's privatization programs creates an extremely important opportunity for the Bank of Estonia and the Government of Estonia to make decisions about the future of Estonia's banking system. With consumer deposits currently insured only by the Savings Bank (owned by the Bank of Estonia), and with the likelihood that mortgages will be provided by a new government owned bank, the result will be that the consumer banking sector will be dominated by the government for the foreseeable future. It is important to determine whether this is the government's actual long term goal or whether this is the result of other decisions being made to address pressing problems.

In the belief that the market can often provide services more cost effectively than government institutions, we recommend that consideration also be given to other means for providing long term home purchase financing. One possibility, which is described in more detail in the addendum, is to create a note finance program in which individuals will gradually repay the government for the purchase of their homes, but no funding will ever take place. The banks could play various roles in administering and sharing risk on these notes, which would enable them to develop experience in long term lending. This approach could also be used to provide financing to individuals who must repay the government for increases in the value of their

restituted property.

We are aware that there was a pilot program in the spring of 1992 to provide subsidized funding for new home construction through the state banks and that the results were not positive. Although we do not know the details of this program and why it failed, specialists generally believe that below market interest rates do not increase the participation of the lower income groups for which such programs are often designed. Furthermore, government provided interest rate subsidies could become extremely expensive to the Estonian government if interest rates remain high. The recommendation in the addendum is to avoid the funding problem for consumer loans entirely by creating a note finance program. However, if this is not possible, another approach could be for the government to commit to placing long term deposits directly with the commercial banks. This could help to provide stability to commercial bank funding and therefore encourage long term lending. It could even be possible to make some long term lending a condition of receiving long term government deposits.

Loan Guarantee Programs

The Estonian commercial banks will also need to develop expertise in long term lending. As was mentioned earlier, a law on security interests will be important for enabling the banks to increase the creditworthiness of long term loans. Another way to encourage prudent long term lending could be to establish a guarantee program in which the government shares risk with the banks on long term loans. This guarantee program could be used for all forms of long term lending in Estonia, from individual mortgages to project finance for newly privatized enterprises. A guarantee program could both encourage banks to make longer term loans and it could also provide the government with an opportunity to influence the credit approval process. Overall, however, the need for training and experience in making long term loans cannot be overstated.

There are two other banks that have already been established or are in the process of being established which will also focus on long term lending. One is the Hypotek Bank, based on branches of the former state-owned Agriculture Bank, which will focus on secured lending to the agricultural sector. The major shareholder of this bank is the Estonian Ministry of Finance. The second bank is the Estonian National Investment Bank, which will be majority owned by the Bank of Estonia and which will focus on foreign currency project financing. Another way to assist the privately owned Estonian banks to develop expertise in long term lending would be through programs enabling them to participate as lenders in loans structured by these two banks.

We believe it is important that no government owned bank has a complete monopoly in any

sector of long term lending. Although the government may consider it necessary to create some banks to meet critical financing needs, it should also leave room for the natural and slower development of long term lending capabilities in the private sector. The more competition there is in this market, the more efficient it is likely to be. Clearly the Estonian banking system is in an early stage of development and the Bank of Estonia is faced by a number of urgent issues, as demonstrated by the recent moratoria, as well as by the need to respond to the demands of privatization. We do not anticipate that a private long term lending market will develop soon nor that the Bank of Estonia has extensive resources to devote to its development. Taking these constraints into consideration, there exist several relatively simple ways in which the Bank of Estonia could contribute to the eventual development of a private long term debt market, such as through a loan guarantee program and private bank participation in government bank loans.

Conclusion

The natural development of a healthy banking sector with the capacity to make long term loans takes time. Not only must there be an appropriate legal and regulatory environment, but individuals and firms must have sufficient confidence in the future to be willing to borrow long term. In addition, banks must have the funding base, the experience, as well as their own confidence in future economic developments to be willing to lend on a long term basis. The Government of Estonia and the Bank of Estonia are taking steps to ensure that these time consuming processes will come to a positive fruition. The accompanying legal memorandum describes in detail possible changes to the Bank Law of the Republic of Estonia which could assist in encouraging these long term processes. However, because privatization is underway and certain long term financing requirements will arise in the near future, more immediate steps must be taken as well. This memorandum has made several suggestions in this regard. The most important theme of these suggestions is that any steps which are taken now, including possibly the establishment of new government owned banks, should take care not to preclude the natural and necessarily slower development of long term lending by the commercial banks.

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SECTION II - LEGAL AND REGULATORY FRAMEWORK

MILBANK, TWEED, HADLEY & McCLOY

MEMORANDUM

Re: Bank Law of the Republic of Estonia

("Bank Law")

Set forth herein are observations and suggestions on the substance and structure of the Bank Law, offered from the standpoint of United States lawyers familiar with banking and finance. We do not assume that the United States model for bank regulation should be transposed to Estonia; our comments are offered for the purpose of assisting in considering the terms of the Bank Law and how they might be modified. With additional information on the desired policies and objectives of Estonia in the banking area, we can offer specific drafting or restructuring suggestions.

PART 1. GENERAL RECOMMENDATIONS.

I. Banking Powers

A. Drafting Philosophy.

A basic issue arising under the Bank Law relates to the permissible scope of banking activities. In this regard, the drafting philosophy of the Bank Law (based on the translation we have reviewed) is not entirely clear.

In the United States, the law generally provides that banks have only those powers specified by statute, as well as such "incidental" powers as shall be "necessary" to carry on the business of banking. If this concept would be appropriate for

Estonia, the Bank Law might be clarified to so state; otherwise, the parameters of "banking" may be indistinct, creating uncertainties for regulators and for the regulated alike. As one example of the problems potentially raised by Article 2 as presently written, it is not clear whether banks are permitted to engage in insurance activities, considered in some jurisdictions to be financial in nature and thus permitted to banks (or to their affiliates).

It would be helpful, too, if the Bank Law included a clearer definition of the term "bank"; as discussed below, the present definition in Article 1 appears circular. In the United States a bank is generally an institution that both accepts demand deposits and makes commercial loans. It might also be helpful to clarify that the "other operations" permitted to a bank under Article 2 are those that are closely related or incidental to those in the list set forth in Articles 2.1.1 through 2.1.14. Also, in Articles 12.3, 12.4 and 12.5, the distinction between savings unions, credit unions and commercial banks could be clarified. More generally, in order to comply with Article 3 of the European Community's Second Banking Directive, the Bank Law should clearly prohibit non-credit institutions from engaging in the business of taking deposits from the public except to the extent the deposit-taking is expressly covered by national or community legislation subject to regulations and controls intended to protect depositors and investors.

B. Bank Holding Company Structure.

In the United States, the Bank Holding Company Act of 1956 and related laws (1) generally limit the activities of persons controlling United States banks to banking-related activities, thus separating banking from commerce, and (2) enable certain activities that would be prohibited to banks themselves to be carried on in separate affiliated companies. This separation is imposed as a policy matter in part because of concern that if banks are permitted to engage in non-banking activities without restriction, they may be led into conflicts of interest or imprudent lending activities (for example, extending credit to a weak industrial company with which the bank is affiliated). In the case of non-banking financial companies (such as securities affiliates) in the holding company structure, United States law and regulation provide various limitations (sometimes called "firewalls") on dealings between the bank and its affiliates. We suggest consideration be given to the merits of providing for such a structure.

It would also be advisable to set forth in the Bank Law any requirements as to what individuals or entities may or may not own or control an Estonian bank (and to provide for "attribution" rules indicating when ownership of shares by one person or group will be attributed to another). The issue of foreign ownership of United States banks has become an important political issue in the United States. One of the major concerns is the possibility of ownership of a U.S. bank by a foreign financial institution that is itself inadequately regulated (as

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apparently was the case with Bank of Credit and Commerce International). In this regard, the Basle Committee on Banking Supervision's June 1992 release on minimum supervisory standards should be noted. We would be happy to provide a copy of this release upon request.

C. Share Ownership by Banks.

We also suggest it be made clearer to what extent a bank may own shares of other companies. As an example of the policy issues presented here, a bank's ownership of a substantial portion of an industrial company may present the same risks and temptations as are noted above with respect to extensions of credit to affiliated companies.

D. Particular Activities.

Consideration might be given to whether trust activities are to be expressly permitted to banks, and if so whether there should be any special licensing or supervisory requirements for such activity. Article 2.1.14 permits banks to render consulting services; United States banking law generally distinguishes between financial and economic advice, which banks are allowed to provide, and "management consulting" which banks are not allowed to provide, and consideration might be given to limiting the areas in which it is appropriate for an Estonian bank to provide such services. If insurance activities are to be prohibited to banks, it would seem desirable to state this explicitly (and/or to provide, if appropriate, for the conduct of such activities in an affiliate in a holding company structure); regulations should then address exactly what constitutes an

insurance activity. (In today's financial markets, certain products of insurance companies are virtually indistinguishable from products offered by banks.) In light of the continued evolution of banking, it might be desirable to address bank involvement in swaps, derivatives and commodities businesses.

E. "Ultra Vires" Activity.

Article 2.6 appears to invalidate any transaction in which a bank acts beyond its powers under the Bank Law. This provision has the potential to create difficult legal problems and to make it risky for another person to enter into a contract with the Bank. There should, of course, be penalties for unauthorized activity, but the interests of the financial system may counsel against invalidating such transactions if entered into in good faith by third parties.

II. Structure of Bank Law

We feel it would be desirable for the Bank Law to provide specifically for the chartering of banks, rather than leaving such chartering up to the Enterprise Law. On the other hand, it would seem desirable that the Bank Law concentrate on the banking system and that other topics be dealt with in other Estonian laws. In this regard, several areas might best be dealt with separately in other comprehensive statutes:

Article 14 - The Taxation of Commercial Banks.

Article 39 - The Seizure of and Claims to Financial Assets and Other Valuables Deposited in a Bank.

Article 42 - Collateral. In the United States, this area is addressed generally by a specific statute governing secured transactions that is part of the

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commercial laws of the individual states (Article 9 of the Uniform Commercial Code).

Article 45 - Bankruptcy (other than insolvency of banks themselves).

Article 52 - The Rights of Minors with Regard to Deposits.

Article 54 - Testamentary Arrangements of a Depositor.

III. <u>International Operations</u>

We assume that it is intended that non-Estonian banks operating in Estonia are to be accorded substantially the same treatment as Estonian banks - so-called "national treatment". We suggest that this basic principle be incorporated into the Bank Law, rather than being left to regulations which may frequently change. In the United States, the principle of national treatment is set forth in the International Banking Act of 1978.

We also suggest the Bank Law make provision for activities and investments of Estonian banks outside of Estonia. Although a foreign branch or subsidiary of an Estonian bank will be subject to the laws of the jurisdiction where it is located, the Estonian authorities will wish to have authority over the powers and activities of a foreign branch, and to regulate the permissible offshore investments of an Estonian bank. Under United States law, the permissible activities of a bank outside the United States are in some respects broader than its powers domestically (subject always to the legal requirements of the foreign jurisdiction).

IV. Bank Mergers

It may be advisable to address the issue of bank mergers. The statutory provisions could deal with such matters as the percentage of shareholders that must approve a merger and what level of review Bank of Estonia possesses as regulator. A number of United States laws (including the Bank Merger Act) regulate bank mergers with a view, among other things, to preventing undue concentration of financial institutions.

The Bank Law might also provide for conversions from one type of bank to another (for instance, from a savings institution to a commercial bank). Such conversions are addressed in the United States by statutory law.

V. Transactions Among Affiliates; Transactions With Insiders

In the United States, transactions between a bank and its affiliates are closely regulated. This includes transactions between a bank and its parent holding company, between different banks that are owned or controlled by the same parent holding company, and between bank and non-bank subsidiaries of the same holding company. United States law also restricts loans by banks to a single affiliate and to all affiliates, restricts the purchase by a bank of so-called low quality assets from affiliates, and prohibits banks from giving their affiliates favored treatment. These provisions can be helpful in protecting the assets of banks and preventing certain improper activities. Copies of the relevant statutes can be provided upon request.

It may be advisable to consider providing limitations on extensions of credit to, and other transactions involving, individuals associated with a bank. In the United States, loans to executive officers, directors and principal shareholders of a bank are subject to quantitative and qualitative limits. For example, United States law prohibits banks from extending credit to their own executive officers except in accordance with specified requirements; in general, such credit may be extended only if it would be authorized for other borrowers, is on terms no less favorable than those afforded other borrowers, is due and payable upon demand of the bank when the officer receives certain loans from another bank, and the officer has submitted a detailed financial statement.

Another provision of United States law provides for an individual lending limit that applies to the aggregate of an insider's personal and business interests, prohibits insider loans above an amount prescribed by the appropriate bank regulator, requires such loans to be on nonpreferential terms and prohibits overdrafts to directors and executive officers.

Another statutory provision limits purchases and sales involving directors. Such transactions must be done in the regular course of business and on nonpreferential terms. They must be approved by the disinterested directors.

VI. Other Issues

(a) In the United States, statutory law requires bank regulators to cause banks to achieve and maintain adequate levels

of capital. The regulators satisfy this requirement through the imposition of capital adequacy guidelines. Banks in the United States are subject to a "leverage" measure, by which they must maintain a certain level of "total" and "primary" capital as a percentage of "adjusted" total assets. The second major component of United States capital standards is the risk-based capital measure drawn from the Basle Accord; this method of assessing capital assigns risk weights to assets and also to off-balance sheet items.

We acknowledge and concur with Estonia's intention to follow the Basle Accord. The Basle guidelines reflect the consensus of a significant number of the major industrialized economies, and accordingly it is reasonable to expect that the guidelines will continue to serve as the international standard.

(b) Single borrower lending limits are addressed by statutory law in the United States. One typical provision restricts the loans that a federally-chartered ("national") bank may make to one borrower to 15% of its capital and surplus, plus an additional 10% if the loans are secured by "readily marketable collateral". State laws provide similar lending limits for state-chartered banks. Consideration might be given to adding such specific provisions to the Bank Law in connection with Articles 28.2 and 34.

(c) In the United States, banks are not subject to the general bankruptcy laws governing most corporations and individuals; rather, specific provisions in the banking laws address bank insolvencies. Given the important policy of

protecting depositors whose funds are placed with banks, bank receivers and conservators have substantial powers conferred by the bank laws. Grounds for appointing a conservator or receiver are identified by statute. For example, for federally chartered banks, the relevant regulator may appoint either a conservator or receiver whenever it is found that: (i) the bank's assets are insufficient to meet its total liabilities or the bank is likely to be unable to meet its obligations as they come due; (ii) assets or earnings are being substantially dissipated in an unsafe manner or the bank is in an unsound condition; (iii) the bank is concealing records or violating governmental orders; (iv) the bank consents to such appointment, ceases to be insured or violates laws or incurs losses in such a way as to threaten the bank's solvency; or (v) the bank becomes undercapitalized and fails to take appropriate steps to become adequately capitalized.

The Federal Deposit Insurance Corporation (the "FDIC") is appointed in many cases as receiver or conservator for a failed or failing bank, and as such it possesses significant powers. For example, the FDIC may seek a judicial stay of actions against the bank, and this stay generally must be granted by a court. Another power which the FDIC possesses is the power (subject to certain conditions) to void the bank's contracts determined to be burdensome, if repudiation would promote the orderly administration of the bank's affairs. The FDIC also has the power as conservator or receiver to avoid certain preferential or fraudulent transfers (that is, transfers made after an act of insolvency or in contemplation of insolvency with

a view to departing from the ratable distribution of assets or to prefer one creditor over another). Other powers include the ability to charter a new bank and transfer certain assets and liabilities to it from the failed bank.

The statutory law of bank insolvencies in the United States is highly developed. Although it may not be appropriate to provide for the same level of detail in the Bank Law, some coverage of these issues is recommended.

(d) Article 35 of the Bank Law suggests that the mechanism for Estonian deposit insurance remains to be determined. In the United States, this complex area of the banking laws is currently the subject of much debate. One primary aspect of the U.S. system of deposit insurance is the existence of the FDIC, which insures the net amount due to any depositor up to $100,000. Issues arise in determining the "net" amount (deposits must be maintained in the "same capacity" and the "same right"). Recently, the FDIC adopted a risk-based assessment system, whereby the rates that banks pay for deposit insurance coverage will be affected by the level of risk that they represent to the system. Another important debate centers on the ability of the FDIC to take actions to protect deposits in excess of $100,000. In another development in June 1992, the Commission of the European Community approved a proposal to issue a Directive that would make deposit protection compulsory within the European Community. This is a complex area as to which more information can be provided if desired.

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(e) United States banking law contains numerous provisions designed to provide protection to consumers, such as the "Truth in Lending Act" and the "Truth in Savings Act", which contain various disclosure requirements and other rules protecting consumers. An important law is the Community Reinvestment Act, which encourages banks to extend credit and provide other services for economically depressed areas.

(f) The Bank Law might deal with electronic funds transfers. In the United States, electronic funds transfers represent an enormous flow of funds. More than $1 trillion a day is estimated to change hands among banks through the Federal Reserve System's Fedwire system, subject to regulation J of the Federal Reserve Board. The Uniform Commercial Code Article 4A, as codified by the various states, also applies to electronic funds transfers. The United Nations Commission on International Trade Law (UNCITRAL) has also produced a model law on international credit transfers.

PART 2. SPECIFIC COMMENTARY.

A. Article 1

As noted above, the definition of "bank" in Article 1 seems circular because it defines a bank merely as an entity that carries out "bank operations". An alternative that might be helpful in determining whether a particular institution should be regulated as a "bank" would be to define a bank as an institution that engages in certain core activities that are commonly thought of as "banking".

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B. Article 2

Article 2.2 seems to conflict with Article 2.3; we suggest this be clarified.

Article 2.1.10 permits banks to engage in leasing. Consideration might be given to whether Article 2.1.10 is intended to allow banks to act as lessor under so-called operating leases. United States law permits banks to lease property only on a non-operating basis, generally requiring the lease to be the functional equivalent of an extension of credit.

If Article 2.1.13 is intended to differ from Article 2.1.12, this might be clarified, or else the two Articles might be combined.

C. Article 5

Article 5.2, dealing with the establishment of branches and agencies, might be clarified in certain respects. First, it would be helpful to know what the term "notifying" is intended to signify and whether this is intended to require that commercial banks submit a written application before opening a branch or agency. The Article might be revised so as to require a license from Bank of Estonia for all branches and agencies as a prudential matter, to insure that an expanding bank has adequate capital for the expansion, and also to comply with the Basle standards for adequate supervision. The Article does not provide for authorization for the branches of foreign banks, nor for authorization to Estonian banks to establish branches abroad; it should do so in order to be consistent with the Basle standards.

The terms, "branch" and "agency" should be defined to indicate, among other things, any differences between these two types of entities.

Article 5.4 refers to "[t]he regulations of the present law". It may be advisable to clarify what regulations are referred to and whether these regulations are the only source of guidance on the founding and liquidation of banks. As noted above, in the United States, bank formation and liquidation (conservatorships, receiverships and insolvency generally) are areas extensively treated by statutory law.

D. Article 6

In Article 6.1, it may be advisable to specify what is meant by "supreme state authorities" and "official standards".

It would be helpful to clarify the effect of Article 6.2 in connection with Article 2.6 (please see the remarks above in section on Ultra Vires activity).

E. Article 12

Article 12 should be considered in light of the definition of "bank" in Article 1. The Article 12 approach is consistent with the United States approach. However, by its definition of "commercial bank", this Article raises the question of whether there are "banks" that are neither "commercial banks" nor "other credit institutions". (The definition of "other credit institutions" was deleted from the text of Article 12 by the amendments of July 8, 1992; this creates a gap, because the heading of Article 12 still refers to these entities.)

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Also, it would be helpful to clarify what is meant by the phrase, "a commercial bank has also the right to carry out any other banking operations". If this is a reference back to Article 2, it could be made explicit by stating, "any other banking operations as set forth in Article 2"; otherwise it may create confusion.

We are not sure of the meaning of "blanco credits". The term "specialized credit institutions" should also be defined.

F. Article 13

In Article 13.3, dealing with bank "statutes", it would be helpful to clarify the phrase, "[t]he statute may include other regulations" and by whom these regulations are to be issued.

G. Article 15

The terms "statutory funds" and "founder and partner contributions" should be defined.

H. Article 16

It would seem that the word, "not", in the phrase "unless a different arrangement has not been established" should be deleted.

I. Article 20

Article 20.2, dealing with the grounds for refusing a banking license, does not indicate whether an administrative review procedure is contemplated. In the United States, a decision such as denying an application to establish a bank is

generally reviewable at the agency level under principles of administrative law before judicial involvement is necessary.

J. Article 30

Article 30.1.3 indicates that banks may own real estate. Consideration might be given to limiting such holdings to permitted bank real estate investments, such as for the bank's premises, rather than speculative investments.

PART 3. CENTRAL BANK.

We have focused our recommendations on the provisions applicable to commercial banks, because advice on central banking matters is largely the province of others. Nevertheless, various important matters involving the role and functions of a central bank should be considered, and accordingly we offer certain suggestions.

As a general matter, we would suggest that one statute should cover both the monetary and supervisory functions of Bank of Estonia and another statute should provide for the incorporation and regulation of commercial banks. Accordingly, the Central Bank Law should address matters such as any open market operations of Bank of Estonia and carefully define the relationship of Bank of Estonia to the Republic of Estonia. Although the Central Bank Law states expressly that Bank of Estonia is not responsible for debts of the Republic of Estonia, Article 19 states that Bank of Estonia "shall decide questions of becoming a member of international credit and financial organizations as well as concerning the state debt of the

Republic of Estonia;" these functions are arguably incompatible with the independence of the monetary authority. While it is probable that what was meant was that Bank of Estonia shall represent Estonia at International Monetary Fund or Bank for International Settlements meetings, and possibly negotiations with other countries concerning the state debt, we suggest that it should be the political organs that make decisions as to which international organizations Estonia might wish to join.

Article 3 of the Central Bank Law might be revised so as to grant to Bank of Estonia, despite its independence and self-financing character, sovereign immunity in those cases where it seems desirable to the government to insure that Bank of Estonia cannot be sued without its consent. The present language of Article 3 might make Bank of Estonia vulnerable to lawsuits by private banks for whom it carries out foreign exchange transactions.

Article 19 might be a good place to specify in greater detail Bank of Estonia's supervisory duties, including its duties with respect to international banks. The Basle standards require that a home country supervisory authority must have the practical capability of performing consolidated supervision. This means it must receive consolidated financial and prudential information on the bank's or banking group's global operations; have the reliability of this information confirmed to its own satisfaction by on-site examination or other means, and assess the information as it may bear on the safety and soundness of the bank or banking group; have the capability to prevent corporate affiliations or

structures that either undermine efforts to maintain consolidated financial information or otherwise hinder effective supervision of the bank or banking group; and have the capability to prevent the bank or banking group from creating foreign banking establishments in particular jurisdictions. Moreover, in order to comply with the Basle standards, the secrecy provision should be amended specifically to authorize the Bank of Estonia to give information to other supervisors.

The Central Bank Law should presumably give Bank of Estonia the authority to supervise the payments system as well as the interbank market. The Law might also include more specific provisions concerning reserve requirements. As presently written, it appears that reserves are viewed as a prudential measure rather than as a monetary tool. We would be happy to provide an explanation of the U.S. mechanism for using reserves to effect monetary policies if requested.

PART 4. CONCLUSION.

The above observations are necessarily somewhat general in nature since a great deal more discussion as to the policies and objectives Estonia desires to pursue in the banking area would be required in order to give comprehensive advice. However, it is hoped that the points made above will provide a basis for consideration of various possible changes in the Bank Law. Should detailed information be desired on any matter discussed above, or on any related matter (for example, the structure of a statute on secured transactions), we would be very

pleased to provide it. In addition, we will be happy to provide on request a copy of any of the United States statutes referred to above, should this be helpful.

MILBANK, TWEED, HADLEY & McCLOY

October 22, 1992

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SECTION III - RELEVANT DOCUMENTS

APPENDIX: DOCUMENTS

1. Bank Law of the Republic of Estonia, 12/28/89, with amendments of 5/15/91. English and Estonian.

2. Amendments to the Bank Law of the Republic of Estonia, 7/8/92. English and Estonian.

3. Statutes of the Bank of Estonia, 3/15/90, with amendments of 2/27/92. English and Estonian.

4. Telex correspondence from Deutschebank regarding Bank Law and Statutes of the Bank of Estonia, 3/13/92. Translated into English.

5. Estonian Law on Bankruptcy, 6/10/92. English.

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BANK LAW OF THE REPUBLIC OF ESTONIA, 12/28/89

AMENDMENTS OF 5/15/91. ENGLISH AND ESTONIAN

UNAUTHORIZED
TRANSLATION

Bank Law of the Republic of Estonia

The present law determines the economic and legal basis for bank activity in Estonia and the role and importance of banks in the development of the national economy where conditions are being set by the market, reflecting increasing commercial relations as well as the continuous development of international financial ties.

In order to extend bank services and improve their quality, the present law creates the preconditions for competition between different banks, supporting customers in their business activities through the procurement and effective use of credit resources.

The law defines the functions of the central bank (Eesti Pank), of commercial banks and other credit institutions.

Chapter I
GENERAL REGULATIONS

Article 1. General Principles

Banks are institutions that carry out bank operations sanctioned by the present law.

Article 2. Bank Operations

2.1. Banks maintain the right to carry out all or some of the following bank operations:

2.1.1 holding bank deposits and extending credit and investing funds;

2.1.2 clearing of accounts for cutomers or correspondent banks and serving them at the cashdesk;

2.1.3 keeping the current accounts of cutomers and correspondent banks;

2.1.4 financing capital investments when commissioned to do so by investors or financiers;

2.1.5 issuing and withdrawing currency notes from circulation;

2.1.6 issuing payment documents (cheques, letters of credit, bills of exchange, etc) and carrying out other operations with said documents;

2.1.7 selling and buying securities (shares, bonds, etc.) and carrying out other operations with said securities;

2.1.8 issuing vouchers, guarantees and other documents in the name of a third party which are negotiable;

2.1.9 possessing rights for procuring goods and rendering services, while taking the risk connected with the fulfilment of such operations and related cashing in;

2.1.10 acquiring and leasing equipment, means of transport and other property;

2.1.11 buying foreign currency from and selling it to organizations and citizens;

2.1.12 buying and selling precious metals, natural precious stones and products derived from precious metals and precious stones;

2.1.13 carrying out operations with precious metals in accordance with international banking practice;

2.1.14 rendering consultation and intermediation services.

2.2. Upon permission from Eesti Pank and within the confines of the central bank mandate, banks may carry out other operations. Banking operations with foreign currency, precious metals, natural precious stones and products from precious metals and precious stones are to be carried out only under the guidelines established by Eesti Pank.

2.3. Currency notes are issued and withdrawn from circulation only by Eesti Pank.

2.4. The banking operations mentioned in the present article with the legal tender of the Republic of Estonia as well as with foreign currency are carried out in accordance with regulations established by Eesti Pank.

2.5. Banks carry out the operations listed in the present article within the confines established in their statutes.

2.6. The banking operations mentioned in articles 2.1.1 and 2.1.2 of the present law are considered invalid if they are carried out by unauthorized persons.

Article 3. The Name of Credit Institutions

Only a legal persons registered as a bank according to the provisions of Article 18 of the present law can use the word "bank" in its name or in advertising. The name of a bank must include the word "bank".

Article 4. Defining the Responsibility of Republic of Estonia and of the Banks

Banks are not responsible for the obligations of the Republic of Estonia and Republic of Estonia is not responsible for the obligations of banks, except in cases mentioned in the present law and in other cases if Republic of Estonia assumes such a responsibility.

Chapter II
THE BANKING SYSTEM OF ESTONIA

Article 5. Components of the Integral Banking System

5.1. The banking system of Estonia comprises Eesti Pank, commercial banks and other credit institutions.

5.2. Commercial banks can open branches and agencies by previously notifying Eesti Pank of their intentions.

5.3. Banks can form unions, associations and other organizations. The aim of those organizations and cooperation contracts between banks cannot have a monopoly of market and cannot limit the freedom of competition.

5.4. The regulations of the present law are applied to the founding, the operation and the liquidation of any and all banks, bank branches or agencies in the Republic of Estonia.

Article 6. Legal Basis of Bank Activity

6.1. Banks and other credit institutions are guided in their activities by the laws of Republic of Estonia, by other decisions

made by the supreme state authorities and by their own statutes. In addition to these, commercial banks are also guided by official standards established by Eesti Pank within the confines of its competence.

6.2. Banks do not have the right to carry out requests or directives that do not correspond to the legislation of Republic of Estonia and to their own statutes.

1. EESTI PANK

Article 7. The Statute of Eesti Pank

7.1. Eesti Pank is an independent institution that gives an account of its activities to the supreme state authority.

7.2. The President and the Board of Eesti Pank are appointed by the supreme state authority of Republic of Estonia for a five-year period. By their position, President of Eesti Pank and Minister of Finance are members of the Board of Eesti Pank. Neither President of Eesti Pank nor Minister of Finance can be the Chairman of the Board of Eesti Pank. The Chairman is elected by the members of the Board and approved by the Supreme Council of Republic of Estonia.

7.3. The functions, rights and obligations of Eesti Pank are determined by its statute, which is subject to legislative approval.

7.4. Before adopting the decisions outlined in articles 18, 19, 28 35 and 49 of the present law, Eesti Pank shall consult with commercial banks and the unions and associations formed by them.

7.5. Eesti Pank shall make public its report on its activities and financial statement.

Article 8. Main Functions of Eesti Pank

8.1. The main functions of Eesti Pank are:

8.1.1 to elaborate the economic strategies of Republic of Estonia in the area of currency circulation, crediting, payments and foreign exchange as well as to be responsible for carrying the above out within the confines of its competence;

8.1.2 to manage the monetary and credit system of Republic of Estonia;

8.1.3 to ensure stable currency circulation and purchasing power for the legal tender of Republic of Estonia as well as to determine the rate of exchange of the national currency in relation to foreign currencies.

8.2. While fulfilling its tasks, Eesti Pank is obliged to support the general economic policy of Republic of Estonia.

8.3. Eesti Pank advises the Estonian Government and informs the Estonian Government about essential questions of banking policy importance. Making important financial-political decisions the Estonian Government shall listen to the opinion of Eesti Pank.

Article 9. Eesti Pank as the Central Issuer of Currency

9.1. Eesti Pank is a currency issuing centre that regulates the amount of cash and non-cash monetary units in circulation.

9.2. According to the decision of the supreme state authority, properties of Republic of Estonia are allocated to Eesti Pank for ensuring the stabilization of currency circulation. These properties comprise the income of

privatization of state property, shares of state joint stock companies and other assets belonging to Republic of Estonia. Privatization of state properties is organized by an Estonian republican organ the activities of which are directed by a council. Not less than half of the members of the above council are appointed by Eesti Pank. - State Property Board (i.e. bd of State Property Dept.)

Article 10. Participation of Eesti Pank in Executing the State and Local Budgets

10.1. Eesti Pank together with the Ministry of Finance of Republic of Estonia establishes the order for carrying out operations in order to fulfill the state and local budgets by banks and regulates state debts together with the Ministry of Finance of Republic of Estonia.

10.2. The limits of the state debt are established by the supreme republican state authority.

Article 11. Foreign Economic Functions of Eesti Pank

11.1. Eesti Pank, according to its statute, represents the interests of Republic of Estonia in its relations with the central banks of other countries, with international banks and with other institutions of finance and credit. In doing so it has the right:

11.1.1. to conclude correspondent and other contracts with them;

11.1.2. to receive credit from them and to give them credit;

11.1.3. to deposit their money in accounts and leave its own free means with them;

11.1.4. to take vouchers;

11.1.5. to give guarantees to legal persons of foreign countries and to international organizations, as far as monetary obligations are concerned;

11.1.6. to carry out other operations in accordance with its statute.

11.2. Eesti Pank regulates the taking and usage of foreign credits taken by legal personalities registered in Republic of Estonia from foreign banks and other financial and credit institutions.

2. COMMERCIAL BANKS AND OTHER CREDIT INSTITUTIONS

Article 12. Commercial Banks and other Credit Institutions.

12.1. A commercial bank is a credit institution which, on the basis of contracts concluded with legal persons and private individuals, involves and invests monetary savings and credits, serves customers and makes payments in the amount established by Eesti Pank. According to its statute, a commercial bank has also the right to carry out any other banking operations.

12.2. Other credit institutions comprise savings unions, credit unions and specialized credit institutions. Other credit institutions are subject to the regulations established for banks in the present law with the exception of special conditions mentioned in Articles 12.3 and 12.4.

12.3. A savings union is a credit institution investing the monetary means of its members and private individuals on the basis of contracts. According to its statute, a savings union can carry out all other banking operations, with the exception of

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giving blanko-credits. (unsecured)

12.4. A credit union is a credit institution which invests credits on the basis of contracts with legal persons. A credit union carries out banking operations according to its statute and licence of operation. A credit union cannot accept savings from private individuals.

12.5. Conditions for founding and operation of specialized credit institutions are established by Eesti Pank.

Article 13. Statutes of Commercial Banks

13.1. Commercial banks function on the basis of the present law, their statutes and other laws of Republic of Estonia.

13.2. The statute of a bank is to contain:

13.2.1. the name and location (postal address) of the bank;

13.2.2. a list of bank operations carried out by the bank;

13.2.3. a list of funds formed by the bank and the initial size of its statutory fund;

13.2.4. the reference to the fact that the bank is a legal person functioning on the basis of self-financing;

13.2.5. the structure and functions of the administrative bodies of the bank;

13.2.6. the order of founding the bank and of ending its activity.

13.3. The statute may include other regulations connected with the specific activity of the bank. Amendments to the statute are introduced in connection with changes in the legislation of Republic of Estonia that regulates the activity of commercial banks.

Article 14. The Taxation of Commercial Banks

Commercial banks pay taxes in accordance with the law on taxation of Republic of Estonia.

Article 15. Formation of Statutory Funds for Commercial Banks

The statutory funds of commercial banks are formed from founder and partner contributions.

Article 16. Material Responsibility of Commercial Banks

Commercial banks are responsible for their obligations with all the property they possess. They are not responsible for the obligations of their founders and partners and the founders and partners are not responsible for the obligations of the banks, unless a different arrangement has not been established in their statutes.

Article 17. Partners of Commercial Banks

The partners of commercial banks are legal personalities and private individuals who participate in them with their own means.

Article 18. Founding of Commercial Banks and other Credit Institutions

Commercial banks and other credit institutions are founded and registered according to the Law on Enterprise and other legislative acts of Republic of Estonia. A commercial bank or a credit institution is registered and can operate only if has

obtained a state licence. Licences for banks and other credit institutions are issued by Eesti Pank according to the regulations established by Eesti Pank.

Article 19. Foreign Founders and Partners of Commercial Banks

Participation of foreign founders and partners in the founding and activity of commercial banks is determined by the laws of Republic of Estonia.

Article 20. Grounds for Refusal to Issue a Licence

20.1. Eesti Pank may refuse to issue a licence to a commercial bank or a credit institution in the following cases:

20.1.1. the foundation documents do not correspond to the legislation of Republic of Estonia;

20.1.2. the financial state of the founders is uncertain according to the opinion of an auditing organization.

20.2. The founder may contest the decision of Eesti Pank to refuse to issue a licence. All argument shall be considered in court.

Article 21. Grounds for Cancelling a Licence

21.1. Eesti Pank may cancel a licence in the following cases:

21.1.1. if false data are discovered on the basis of which the respective licence was issued;

21.1.2. if the beginning of activity is delayed for more than a year from the date of issue;

21.1.3. if regulations of the present law are violated with respect to property security or protection of the creditor interests, pointed out in Article 28 of the present law;

21.1.4. if operations are carried out that go beyond the bounds of legal capacity as defined in the statute of the commercial bank or the credit institution or in the legislation of Republic of Estonia.

21.1.5. if false or misleading data or reports are issued on purpose.

21.1.6. if the professional skills of the head or the chief accountant of a commercial bank or a credit institution are not appropriate to their positions.

21.2. The decision of cancelling a licence may be contested in court.

Article 22. Reorganizing or Terminating the Activity of a Commercial Bank

In addition to the cases mentioned in other articles of the present law, a commercial bank is reorganized (uniting, joining, division, separation, reorganization) or its activity is terminated (liquidation) in accordance with the statute of the bank.

Chapter III
CREDIT AND FINANCIAL REGULATIONS

Article 23. Regulation of Credit and Currency Circulation

Eesti Pank regulates the amount of currency in circulation by:

23.1. changing the amount of credit given to commercial banks;

(centre)

23.2. buying and selling bonds and foreign currency;

23.3. changing the norms of obligatory reserves invested in Eesti Pank by commercial banks;

23.4. issuing cash;

23.5. changing the rates of interest for its credit;

23.6. other means allowed by legislation.

Article 24. Payments between Banks

24.1. For payments between banks Eesti Pank opens payment (correspondent) and other accounts for commercial banks.

24.2. Commercial banks may make payments also through correspondent accounts or payment accounts opened by different commercial banks.

Article 25. Credit and Payment Transactions of Commercial Banks

Commercial banks give credit to and effect payments for the benefit of other banks within the limits of the remainder of the means they have in their payment (correspondent) accounts opened in Eesti Pank and in other banks. In case of the insufficient financial means on those accounts, a commercial bank may commission credit resources from its customers, from other commercial banks on a contract basis, or from Eesti Pank in accordance with Article 49 of the present law, in order to carry out credit or payment transactions.

Article 26. Rates of Interest Paid by Commercial Banks

The rates of interest paid in the operations of commercial banks are established by the banks independently.

Article 27. Regulation of the Level of Interest Rates

Eesti Pank regulates the level of interest rates paid on the credit operations of commercial banks by using all the means singled out in Article 23 of the present law.

Chapter IV
COLLATERAL SECURITY OF A BANK AND PROTECTION OF THE INTERESTS OF CREDITORS

Article 28. Economic Norms Established for Commercial Banks and Other Credit Organizations

28.1. For guaranteeing the existence of property collateral for a bank and protection of the interests of creditors, commercial banks and other credit institutions follow the economic norms below, established by Eesti Pank:

28.1.1. a minimum statutory fund;

28.1.2. a relation of the bank's own means to the total of its assets;

28.1.3. a minimal relation of liquid assets to bank debts;

28.1.4. the size of obligatory reserves to be invested in Eesti Pank for a regulating fund on credit resources within the bank system;

28.1.5. the maximum risk per one borrower;

28.1.6. the norms of sums set apart from any profit for a fund of banking system for ensuring the savings of population as well as the bank's own reserve fund;

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28.1.7. the relations of shares of enterprises owned by commercial banks to the statutory fund of the commercial bank.

28.2. The norms set by Eesti Pank are common for banks or other credit institutions of similar type.

Article 29. The Bank's Own Means

29.1. The bank's own means include:

29.1.1. a statutory fund;

29.1.2. reserves in accordance with Article 37 of the present law and other funds that are formed from profits and contained in the balance of the bank;

29.1.3. undivided profit or means received from distributing shares to shareholders and partners free of charge or from increasing the paid-in capital;

29.1.4. loan obligations without a guarantee issued by the bank in a total amount not exceeding half of the statutory fund.

29.2. Taking into consideration the relation of the bank's own means to the sum of its assets, the statutory fund is decreased by the value of the shares acquired by the bank.

Article 30. Bank Assets

30.1. Bank assets are:

30.1.1. loans given to legal personalities or single individuals;

30.1.2. investments in ~~bonds~~securities

30.1.3. real estate investments;

30.1.4. other assets.

30.2. When figuring out the boundary relation between the bank's own means and the sum total of its assets, different categories of assets and conditional non-balance sheet obligations equal with assets, are taken into consideration on the basis of the coefficient established by Eesti Pank.

Article 31. Conditional Non-Balance Sheet Obligations of a Bank

When figuring out the bank's own means and the sum total of its assets, the bank's conditional (or eventual) non-balance sheet obligations are also taken into consideration. The conditional obligations of the bank are considered assets as determined by Eesti Pank.

Article 32. Minimal Relation of Liquid Assets to the Debts of the Bank

32.1. The liquid assets are:

32.1.1. the cash of the bank;

32.1.2. means obtainable from Eesti Pank;

32.1.3. promissory notes exchangable for cash that have been issued or guaranteed by countries, equal to Republic of Estonia with regard to credit risk, by local authorities, as well as by credit institutions subordinated to state review of Republic of Estonia or of other countries.

32.1.4. the net debts of the commercial banks of Republic of Estonia and other countries that are due in less than three months.

32.2. To ensure the solvency of a bank, liquid bank assets must form at least 10% of its debts, whereas means received from the state for special use and debts to Eesti Pank shall be subtracted ~~discounted~~ from the above mentioned sum.

32.3. The liquid assets pointed out in article 32.1. of the

present law do not include the assets from credit and financial institutions of whose capital more than a half belongs to the bank.

Article 33. Range of Minimal Reserves

33.1. The range of minimal reserves is established for all commercial banks and other credit institutions as a ~~presentage~~ percentage of their total reserves or the growth of the latter.

33.2. Banks and other credit institutions keep their obligatory reserves with Eesti Pank.

Article 34. Maximum Rate of Risk per One Borrower

34.1. The maximum rate of risk per one borrower is established as a certain percentage of the total of the bank's own capital in which the character of the borrowers activity and its solvency are taken into consideration.

34.2. In calculating the maximum rate of risk per one borrower, the concept of risk involves the total of all investments and credit given to the borrower as well as all guarantees, vouchers and other obligations issued on its behalf.

Article 35. Profit Sums Set Aside for the Bank Fund for Securing Citizens' Deposits

For insuring citizens' deposits in case of commercial bank insolvency, banks, before payments, set aside part of their profits into a Bank Fund in accordance with the norms established. ~~in the budget~~. The procedure for establishing and using the fund shall be determined by Eesti Pank.

Article 36. Rights of Eesti Pank upon Violation of Established Norms by Commercial Banks

36.1. In case a commercial bank has violated the norms established in article 28 of the present law, Eesti Pank shall determine the deadlines for making amendments for the violations.

36.2. In case of a continuous violation of norms and neglecting the prescriptions, (including the conditions and dates set by Eesti Pank for amending the violations) which jeopardizes the creditors interests, Eesti Pank may raise before the institutions which founded the bank or before the partners of a commercial bank the question of:

36.2.1. applying measures for putting the bank on a sound basis;

36.2.2. reorganizing the bank;

36.2.3. liquidating the bank;

36.3. With regard to commercial banks that violate the norms established in Article 28, Eesti Pank can apply economic sanctions.

36.4. Eesti Pank can also cancel the licence of a commercial bank in case circumstances described in the present article occur.

Article 37. Reserves for Covering Possible Losses

From their profits banks shall maintain reserves to cover possible losses. Reserves that are not connected with loan filanses or an indebtedness existing on the day of their

bad loans

foundation belong to the bank's own capital and are formed from profits before clearing accounts in the budget.

Article 38. Bank Secrecy

38.1. Banks shall guarantee their customers and correspondents confidentiality in all operations, accounts and deposits. All bank employees must keep confidential information about economic situation and business secrets that they receive from their customers and other persons in the course of their work.

38.2. Documents about the operations of legal persons and single individuals as well as about their accounts are given to:

38.2.1. legal persons and single individuals themselves;

38.2.2. courts and arbitration authorities in cases established by law;

38.2.3. financial authorities in taxation questions.

38.3. Documents about individuals' accounts and deposits are given, besides to the customers themselves and to their representatives, to courts and investigation organs within the confines of their jurisdiction, in accordance with established legislation.

38.4. Documents about accounts and ~~and~~ deposits, in case of death of their owner, are given to the persons mentioned by the owner of the account or deposit in his will made for the bank, as well as to state notarial offices and consular representations of foreign countries.

Article 39. The Seizure of and Claims to Financial Assets and Other Valuables Deposited in a Bank

39.1. The financial assets and other valuables of legal persons and single individuals kept in a bank may be seized only through a court order or through warrants issued by investigative and arbitrative authorities. The financial assets and other valuables of legal persons and single individuals held in banks may be claimed only through court order or written orders from arbitrative authorities or through other writs of execution: as well as on the demand of financial authorities and other organizations in cases determined by the legislation of Republic of Estonia.

39.2. The financial assets and other valuables of Soviet, foreign and international organizations deposited in a bank may be seized and claimed only on the basis of court and arbitrative decisions in accordance with established legislation.

39.3. The financial assets and other valuables of single individuals held in a bank may be seized only:

39.1. on the basis of decisions by the courts and investigative authorities in criminal cases within their jurisdiction and upon considering matters of confiscating property in accordance with the law;

39.3.2. on the basis of court decisions concerning civil claims resulting from criminal cases (except sum which equals the triple monthly salary (pension) received by the defendent during the calender year that preceded the seizure), cases of exacting alimony (when there is no salary or other property that can be claimed) and from cases of dividing the common deposited property of spouses.

39.4. The financial assets and other valuables of single

individuals held in a bank may be exacted on the basis of a court decision in a criminal case, or on the basis of a civil claim resulting from a criminal case, or on the basis of a court decision for exacting alimony (when the salary or other property that can be claimed is missing) or on the basis of a decision by Judge or on the basis of a court decision made on dividing the common deposited property of spouses.

39.5. The financial assets and other valuables of single individuals held in a bank may be confiscated on the basis of a property confiscation enactment adopted in accordance with the law or on the basis of the court decision in a criminal case.

39.6. The financial assets and other valuables of legal persons and single individuals held in a bank are freed from seizure by the authority who seized them.

Chapter V
SERVING CUSTOMERS IN BANKS

Article 40. The Contractual Character of Bank-Customer Relations

40.1. Relations between a bank and its customers have a contractual character.

40.2. The customers themselves choose the bank for credit and accountancy services.

40.3. Commercial banks may or may not take a customer for credit or accountancy services.

Article 41. Guaranteeing the Returnability of Credit

41.1. For guaranteeing the timely return of credit, banks accept collateral, guarantees, vouchers and any other obligations valid in banking practice.

41.2. Banks may make decisions about giving credit without a guarantee (blanco credit).

Article 42. Collateral

42.1. Banks may accept for collateral any commercial-financial assets that have not already been used as collateral, goods produced by the customers, bonds, documents of good distribution and other valueables. The commercial-financial assets that are held abroad and which the banks have taken as collateral for credit in foreign economic operations, must be insured at the customer's own expense.

42.2. Buildings, equipment and other property belonging to the fixed capital may be accepted as collateral in case the customer bears responsibility for all the obligations of his property, in accordance with established legislation.

42.3. The procedure for registering collateral shall be determined by the government of Republic of Estonia.

42.4. In case of a long-term loan debt, with more than 60 days of delay in payment, and the collateral of which are commercial-financial assets, the bank, after satisfying pretentions on salary and budgetary requirements for taxes, reserves the right to use the receipts from sale of the property put up by the enterprise for eliminating the indebtedness.

42.5. The property put up in a bank is sold on the instructions of the bank without involvment of court or any arbitration.

42.6. The means received from the sale of the property put up in the bank shall be used for eliminating the indebtedness, whereas the bank has a prerogative before the claims of other legal persons and single individuals.

Article 43. The Forms of Clearing Accounts

Banks may clear accounts in the way allowed by Eesti Pank.

Article 44. Proclaiming the Borrower Insolvent

Borrowers, who have not fulfilled their obligations with regard to timely return of the money received from the bank, may be proclaimed insolvent by the bank by informing its creditors, the executive bodies of the local government and the partners of the joint venture in the activity of which organizations from Estonia, the Soviet Union and foreign countries participate. A respective announcement shall be published in newspapers within 7 days from the moment the borrower is proclaimed insolvent.

Article 45. Measures to be Taken with Regard to an Insolvent Borrower

45.1. Upon the suggestion of the banks, the following measures may be taken with regard to an insolvent borrower:

45.1.1. the transfer of the operative management of the borrower to an administration appointed by the creditor bank;

45.1.2. reorganization;

45.1.3. liquidation together with the realization of the collateral in accordance with established legislation.

Article 46. Paid Services Rendered by Banks

Banks render paid services to customers and to each other on a contractual basis with regard to the operations described in Article 2 of the present law.

Chapter VI
FOREIGN ECONOMIC ACTIVITY OF BANKS

Article 47. Checking the Indebtedness of Banks to Foreign Creditors

Eesti Pank checks the indebtedness of banks to foreign creditors in accordance with the established legislation of Republic of Estonia.

Article 48. Foreign Currency Funds Held by Banks

Banks use foreign currency and form funds of foreign currency in accordance with the established legislation.

Chapter VII
RELATIONS BETWEEN BANKS

Article 49. Deposit and Credit Operations Between Banks

49.1. On a contractual basis commercial banks may involve and invest means with one another in the form of deposit and credit, as well as carry out other reciprocal operations as determined in their statutes.

49.2. In case of insufficient resources for crediting customers and fulfilling their obligations, commercial banks may turn to Eesti Pank for credit. The procedure for carrying out such credit operations shall be determined by Eesti Pank.

Chapter VIII
PRIVATE INDIVIDUALS' DEPOSITS

Article 50. Private Individuals' Deposits as Credit Resources for Commercial Banks

50.1. Commercial banks may engage the financial resources of citizens for use as credit resources.

50.2. Banks accept deposits by giving the depositor a deposit statement.

Article 51. Depositors

51.1. Depositors may be single individuals regardless of their citizenship.

51.2. Depositors may command deposits, receive income from the deposits either through a percentage or any other form offered by the bank and make payments without cash.

51.3. The procedure for controlling deposits invested in 1commercial banks shall be determined by the bank's statute and by the deposit contract signed by the bank and the customer.

Article 52. The Rights of Minors with Regard to Deposits

52.1. A depositor may also be a minor.

52.2. A minor, who has deposited money in his/her name, can use the deposit independently.

52.3. Money deposited in the name of a minor by another person are controlled:

52.3.1 by the parents or legal representatives of the minor, until the minor is 15 years old;

52.3.2. by the minor himself/herself with the consent of his parents or legal representatives, once the person in question is 15 years old.

Article 54. Testamentary Arrangement of a Depositor

54.1. The depositor has the right to make testamentary arrangements for paying out his/her deposit in case of his/her death, to any person, organization or state.

54.2. In the cases mentioned in Article 54.1. the deposit does not belong to the inheritance. Banks pay out such deposits in accordance with the established legislation of Republic of Estonia.

54.3. A deposit for which no testamentary arrangements have been made, shall be paid out by banks in case of the depositor's death to heirs in accordance with the established legislation of Republic of Estonia.

Chapter IX
RELEASING BANK REPORTS

Article 55. Releasing Reports and Publishing the Yearly Balance as well as Disclosing Profit and Loss Accounts

55.1. Banks shall issue reports in accordance with established procedures determined by the laws in force.

55.2. Banks shall publish their yearly balance sheet and profit and loss account in the form and on the date determined by Eesti Pank.

Chapter X
INSPECTION OF COMMERCIAL BANKS

Article 56. Inspection Functions of Eesti Pank

56.1. Eesti Pank shall supervise commercial banks as to the maintenance of regulations established in accordance with the present law as well as to the correct implementation of legislative acts of the Republic of Estonia and of Eesti Pank.

56.2. In order to carry out the functions described in Article 56.1. Eesti Pank may organize complete or selective audits of operations conducted by commercial banks, generally not more than once a year. The Board of Eesti Pank may decide to conduct inspections more often.

56.3. The activities of commercial banks shall be inspected by the auditing department of Eesti Pank or by some other inspection or auditing commission on the instructions of Eesti Pank.

56.4. A commercial bank must submit to the organization conducting the audit a yearly balance, plans, reports or any other documents necessary for the audit.

A.Rüütel
Chairman
Presidium of the Supreme Council
Republic of Estonia

A.Almann
Secretary
Presidium of the Supreme Council
Republic of Estonia

E E S T I V A B A R I I G I
P A N G A S E A D U S

Käesoleva seadusega määratakse kindlaks pankade tegevuse majanduslikud ja õiguslikud alused Eestis ning nende koht ja osatähtsus vabariigi rahvamajanduskompleksi arengus kaubalis-rahaliste suhete aktiivse kasutamise ja turu funktsioneerimise ning rahvusvaheliste majandussidemete arendamise tingimustes.

Pangateenuste laiendamise ja nende kvaliteedi parandamise huvides loob käesolev seadus eeldused erinevate pankade konkurentsiks klientide kaasamisel äritegevusse, krediidiressursside hankimisel ja nende efektiivsel kasutamisel.

Seadus piiritleb keskpanga (Eesti Panga), kommertspankade ja muude krediidiasutuste funktsioonid.

I peatükk. ÜLDSÄTTED

Paragrahv 1. Panga mõiste

Pank on asutus, kes sooritab käesolevas seaduses ettenähtud pangaoperatsioone.

Paragrahv 2. Pangaoperatsioonid

Pangaoperatsioonid on:

1) rahaliste hoiuste ja krediidi kaasamine ja mahutamine,

2) klientide ja korrespondentpankade ülesandel arvelduste tegemine ja nende kassaline teenindamine,

3) klientide ja korrespondentpankade kontode pidamine,

4) kapitaalmahutuste finantseerimine investeeritavate vahendite valdajate või kasutajate käsundi põhjal,

5) rahamärkide käibelelaskmine ja nende käibelt kõrvaldamine,

6) maksedokumentide (tšekid, akreditiivid, vekslid jt.) väljaandmine ning muud nendega teostatavad operatsioonid,

7) väärtpaberite (aktsiad, obligatsioonid jt.) müük, ost ja muud nendega sooritatavad operatsioonid,

8) kolmandate isikute eest tagatiskirjade, garantiide ja muude kohustiste andmine, mis näevad ette täitmise rahalises vormis,

9) kaupade tarnimisest ja teenuste osutamisest, tuleneva nõudeõiguse omandamine, selliste nõuete täitmisega seotud riski enda peale võtmine ning nende nõuete inkasseerimine (faktoring),

1o) seadmete, transpordivahendite ja muu vara soetamine ja üleandmine rendi tingimustel (leasing),

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11) välisvaluuta ostmine organisatsioonidelt ja kodanikelt ning selle müük neile,

12) väärismetallide, looduslike väärikivide ning väärismetallist ja väärikividest toodete ost ja müük,

13) operatsioonid väärismetallidega vastavalt rahvusvahelisele pangapraktikale,

14) konsultatsiooni- ja vahendusteenuste osutamine.

(2) Pank võib sooritada muid operatsioone Eesti Panga loal, mis antakse tema pädevuse piires. Pangaoperatsioonid välisvaluuta, väärismetallide, looduslike väärikivide ning väärismetallist ja väärikividest toodetega toimuvad ainult Eesti Panga poolt kehtestatud korras.

(3) Rahamärke laseb käibele ja kõrvaldab käibelt ainult Eesti Pank.

(4) Käesolevas paragrahvis loetletud pangaoperatsioonide sooritamise korra nii Eesti Vabariigi kui välisriikide valuutas kehtestab Eesti Pank vastavalt Eesti Vabariigi seadustele.

(5) Pank sooritab käesolevas paragrahvis ettenähtud operatsioone oma põhikirjas kehtestatud piires.

(6) Käesoleva paragrahvi lõike 1 punktides 1 ja 2 ettenähtud pangaoperatsioonid loetakse kehtetuks, kui neid sooritavad selleks volitamata isikud.

Paragrahv 3. Krediidiasutuse nimetus

Sõna "pank" võib oma nimetuses või reklaamiks kasutada ainult käesoleva seaduse § 18 ettenähtud tingimustel pangana registreeritud juriidiline isik. Panga nimetus peab sisaldama sõna "pank".

Paragrahv 4. Eesti Vabariigi ja pankade vastutuse piiritlemine

Pangad ei vastuta Eesti Vabariigi kohustiste eest ja Eesti Vabariik ei vastuta pankade kohustiste eest, välja arvatud käesolevas seaduses ettenähtud juhud ja muud juhud, kui Eesti Vabariik võtab endale sellise vastutuse.

II peatükk. EESTI PANGASÜSTEEM

Paragrahv 5. Ühtse pangasüsteemi koostisosad

(1) Eesti pangasüsteemi moodustavad Eesti Pank, kommertspangad ja muud krediidiasutused.

(2) Kommertspangad võivad avada filiaale ja esindusi, teatades sellest eelnevalt Eesti Pangale.

(3) Pangad ja muud krediidiasutused võivad moodustada liitusid ja muid organisatsioone. Nende organisatsioonide tegevuse ega pankadevaheliste koostöölepingute eesmärgiks ei tohi olla turu monopoliseerimine ja konkurentsivabaduse piiramine".

(4) Käesoleva seaduse sätteid rakendatakse, mis tahes pankade, nende filiaalide ja esinduste asutamise, tegevuse ja tegevuse lõpetamise suhtes Eesti Vabariigis

Paragrahv 6. Panga tegevuse õiguslik alus

(1) Pangad ja muud krediidiasutused juhinduvad oma tegevuses Eesti Vabariigi seadustest, Eesti Vabariigi kõrgeima riigivõimuorgani muudest otsustest oma põhikirjast ning Eesti Panga poolt tema pädevuse piires väljaantud normatiivaktidest".

(2) Pankadel ei ole õigust täita juhiseid ja nõudeid, mis ei vasta Eesti Vabariigi seadusandlusele ja oma põhikirjale.

1. Eesti Pank

Paragrahv 7. Eesti Panga staatus

(1) Eesti Pank on iseseisev asutus, kes annab oma tegevusest aru Eesti Vabariigi kõrgeima riigivõimuorgani ees.

(2) "Eesti Panga presidendi ja nõukogu nimetab viieks aastaks Eesti Vabariigi kõrgeim riigivõimuorgan. Ametikoha järgi kuuluvad Eesti Panga nõukogusse Eesti Panga president ja Eesti Vabariigi rahandusminister. Ei Eesti Panga president ega Eesti Vabariigi rahandusminister või olla Eesti Panga nõukogu esimees". Eesti Panga nõukogu esimehe valivad nõukogu liikmed ja ta nimetatakse ametisse Eesti Vabariigi Ülemnõukogu poolt.

(3) Eesti Panga funktsioonid, õigused ja kohustused määratakse kindlaks tema põhikirjas, mille kinnitab Eesti Vabariigi kõrgeim riigivõimuorgan.

(4) "Eesti Pank konsulteerib enne käesoleva seaduse paragrahvides 28, 35 ja 49 nimetatud otsuste vastuvõtmist kommertspankade ja nende liitudega".

(5) Eesti Pank avaldab oma bilansi ja tegevusaruande.

Paragrahv 8. Eesti Panga põhiülesanded

(1) Eesti Panga põhiülesanded on:

1) Vabariigi majandusstrateegia väljatöötamine raharingluse, krediteerimise, arvelduste ja valuutasuhete valdkonnas ning selle ellurakendamise tagamine vastavalt oma pädevusele,

2) vabariigi raha- ja krediidisüsteemi juhtimine,

3) stabiilse raharingluse ja Eesti Vabariigi valuuta ostuvõime tagamine ning vahetuskursi määramine välisriikide valuuta suhtes,

4) pankade tegevuse reguleerimine Eesti Vabariigi territooriumil.

(2) Eesti Pank on kohustatud oma ülesandeid täites toetama Eesti Vabariigi üldist majanduspoliitikat.

(3) Eesti Pank annab Eesti Vabariigi Valitsusele nõu ja informeerib Eesti Vabariigi Valitsust olulistes pangapoliitilise tähtsusega küsimustes. Tähtsamate rahandus-poliitiliste otsuste tegemisel kuulab abariigi Valitsus ära Eesti

Paragrahv 9. Eesti Pank kui Eesti Vabariigi emissioonikeskus

(1) Eesti Pank on Eesti Vabariigi emissioonikeskus, kes reguleerib sularaha- ja sularahata käibes olevate rahaühikute hulka.

(2) "Raharingluse stabiilsuse tagamiseks antakse Eesti Vabariigi kõrgeima riigivõimuorgani otsusel Eesti Panga käsutusse Eesti Vabariigi omanduses olevat vara, selle hulgas sissetulekuid riigi vara erastamisest, riigiaktsiaseltside aktsiaid ja muid Eesti Vabariigile kuuluvaid aktivaid. Riigile kuuluva vara erastamist korraldab Eesti Vabariigi Valitsuse organ, kelle tegevust juhib nõukogu. Nimetatud nõukogu koosseisust vähemalt poole nimetab Eesti Panga nõukogu".

Paragrahv 1o. Eesti Panga osavõtt riigieelarve ja kohalike eelarvete täitmisest

(1) Eesti Pank kehtestab koos Eesti Vabariigi Rahandusministeeriumiga riigieelarve ja kohalike eelarvete täitmise operatsioonide sooritamise korra pankades ning reguleerib koos Eesti Vabariigi Rahandusministeeriumiga riigivõlga".

(2) Riigivõla piirmäärad kehtestab Eesti Vabariigi kõrgeim võimuorgan.

Paragrahv 11. Eesti Panga välismajanduslikud funktsioonid

(1) Eesti Pank esindab vastavalt oma põhikirjale Eesti Vabariigi huve suhetes teiste riikide keskpankadega, rahvusvahelistes pankades ning teistes rahandus- ja krediidiorganisatsioonides. Seejuures on tal õigus:

1) sõlmida nendega korrespondent- ja muid lepinguid,
2) saada nendelt ja anda nendele laene;
3) võtta nendelt raha hoiule ja kontodele ning paigutada vaba raha nende kontodele,
4) võtta endale tagatiskirju,
5) anda rahaliste kohustiste garantiisid välisriikide juriidilistele isikutele ja rahvusvahelistele organisatsioonidele,
6) sooritada muid operatsioone vastavalt oma põhikirjale.

(2) Eesti Pank kehtestab Eesti Vabariigis registreeritud juriidiliste isikute välisriikide pankadelt ning teistelt rahandus- ja krediidiorganisatsioonidelt laenude võtmise ning kasutamise korra".

2. KOMMERTSPANGAD JA MUUD KREDIIDIASUTUSED

Paragrahv 12. Kommertspangad ja muud krediidiasutused

(1) Kommertspank on krediidiasutus, mis juriidiliste ja üksikisikutega sõlmitavate lepingute alusel kaasab ja mahutab rahalisi hoiuseid ja krediite, teostab klientide kassalist teenindamist ning sooritab Eesti Panga poolt määratud ulatuses arveldusi. Kommertspangal on õigus sooritada vastavalt oma põhikirjale ka kõiki muid pangaoperatsioone.

(2) Muud krediidiasutused on hoiuühistud, krediidiühistud ja spetsialiseeritud krediidiasutused. Muudele krediidiasutustele laienevad kõik käesoleva seadusega pankadele kehtestatud sätted välja arvatud käesoleva paragrahvi 3. ja 4. lõikes märgitud eritingimused.

(3) Hoiuühistu on oma liikmeks olevatelt ja teistelt üksikisikutelt lepingute alusel kaasatud rahalisi hoiuseid mahutav krediidiasutus. Hoiuühistu võib vastavalt oma põhikirjale sooritda kõiki muid pangaoperatsioone, välja arvatud blankokrediitide andmine.

(4) Krediidiühistu on juriidiliste isikutega sõlmitavate lepingute alusel rahalisi krediite kaasav ja mahutav krediidiasutus. Krediidiühistu sooritab pangaoperatsioone vastavalt oma põhikirjale ja tegevuslitsentsile. Krediidiühistu ei tohi vastu võtta üksikisikutelt hoiuseid.

(5) Spetsialiseeritud krediidiasutuste asutamise ja tegutsemise tingimused kehtestab Eesti Pank.

Paragrahv 13. Kommertspankade põhikirjad

(1) Kommertspangad tegutsevad käesoleva seaduse, oma põhikirja ja teiste Eesti Vabariigi seaduste alusel.

(2) Panga põhikirjas peab sisaldama:

1) panga nimetus ja asukoht (postiaadress),
2) panga poolt sooritatavate pangaoperatsioonide loetelu,
3) panga poolt moodustatavate fondide loetelu ja põhikirjafondi esialgne suurus,
4) viide sellele, et pank on juriidiline isik ja tegutseb täieliku isemajandamise alusel,
5) panga juhtorganite struktuur ja funktsioonid,
6) panga moodustamise ja tema tegevuse lõpetamise kord.

(3) Põhikirja võib võtta ka muid panga tegevuse iseärasustega seotud sätteid Põhikirja viiakse sisse muutused seoses kommertspankade tegevust reguleeriva Eest Vabariigi seadusandluse muutumisega.

Paragrahv 14. Kommertspankade maksustamine

Kommertspangad maksavad makse vastavalt Eesti Vabariigi maksuseadusele.

Paragrahv 15. Kommertspankade põhikirjafondide moodustamine

Kommertspankade põhikirjafondid moodustuvad asutajate ja osanike maksetest.

Paragrahv 16. Kommertspankade varaline vastutus

Kommertspangad vastutavad oma kohustiste eest kogu neile kuuluva varaga. Nad ei vastuta asutajate ja osanike kohustiste eest ning asutajad ja osanikud ei vastuta pankade kohustiste eest, kui nende põhikirjades ei ole ette nähtud teisiti.

Paragrahv 17. Kommertspankade osanikud

Kommertspankade osanikeks on juriidilised ja üksikisikud, kes osalevad nendes oma vahenditega.

Paragrahv 18. Kommertspankade ja muude krediidiasutuste asutamise kord

Kommertspangad ja muud krediidiasutused asutatakse ja registreeritakse vabariigi ettevõtteseaduses ja teistes ettevõtlust reguleerivates Eesti Vabariigi normatiivaktides ettenähtud korras.

Kommertspank või muu krediidiasutus võidakse registreerida ja ta võib tegutseda vaid riikliku tegevuslitsentsi olemasolul. Tegevuslitsentse annab pankadele ja muudele krediidiasutustele Eesti Pank tema poolt kehtestatud korras.

Paragrahv 19. Kommertspankade välismaised asutajad ja osanikud

Välismaiste asutajate ja osanike osalemine kommertspankade asutamises ja tegevuses toimub vastavalt Eesti Vabariigi seadustele.

Paragrahv 2o. Tegevuslitsentsi andmisest keeldumise alused

(1) Eesti Pank võib keelduda kommertspangale või muule krediidiasutusele tegevuslitsentsi andmisest järgmistel põhjustel:

1) asutamisdokumendid ei vasta Eesti Vabariigi seadustele,
2) asutajate finantsseidund on audiitororganisatsiooni hinnangu järgi ebakindel.

(2) Litsentsi taotleja võib vaidlustada Eesti Panga otsuse tegevusilitsentsi andmisest keeldumise kohta. Vaidlus kuulub läbivaatamisele kohtu korras.

Paragrahv 21. Tegevuslitsentsi tühistamise alused

(1) Eesti Pank võib väljaantud tegevuslitsentsi tühistada järgmistel juhtudel

1) kui avastatakse, et tegevuslitsentsi taotlemisel on esitatud tegelikkusele mittevastavaid andmeid,
2) kui tegevuse alustamisega on viivitatud kauem kui aasta tegevuslitsentsi andmis kuupäevast arvates,
3) kui rikutakse sätteid panga või muu krediidiasutuse varalise tagatuse ja kreeditoride huvide kaitse tagamise osas, mis on ette nähtud käesoleva seaduse §28,
4) kui sooritatakse operatsioone, mis väljuvad panga või muu krediidiasutuse põhikirjas ettenähtud või Eesti Vabariigi seadustega kehtestatud õigusvõime piiridest,
5) kui teadlikult esitatakse ebaõigeid või eksitusse viivaid andmeid või aruandeid,

6) kui kommertspanga või muu krediidiasutuse juht või pearaamatupidaja ei vasta oma kutseoskustelt ametikohale.

(2) Tegevuslitsentsi tühistamise otsuse võib vaidlustada kohtu korras.

Paragrahv 22. Kommertspanga tegevuse reorganiseerimine ja lõpetamine

Lisaks käesoleva seaduse teistes paragrahvides märgitud juhtudele reorganiseeritakse (liitmine, ühendamine, jagunemine, eraldumine, ümberkujundamine) kommertspank või lõpetatakse tema tegevus (likvideerimine põhikirjas ettenähtud korras.

III peatükk. KREDIIDIALANE JA RAHALINE REGULEERIMINE

Paragrahv 23. Krediteerimise ja raharingluse reguleerimine

Eesti Pank reguleerib ringluses oleva raha hulka:

1) kommertspankadele antava krediidi suuruse muutmise teel,
2) väärtpaberite ja välisvaluuta ostu ja müügi teel,
3) kommertspankade poolt Eesti Panka mahutatavate kohustuslike reservide normide muutmise teel,
4) sularaha emissiooni teel,
5) oma krediidi protsendimäärade muutmise teel,
6) muude seadusandlusega lubatud abinõudega.

Paragrahv 24. Pankadevahelised arveldused

(1) rahadevahelisteks arveldusteks avatakse Eesti Pangas kommertspankadele arveldus- (korrespondent-) ja muid kontosid.

(2) Kommertspangad võivad teha arveldusi ka üksteise juures avatud korrespondentkontode ja arvelduspalatite kaudu.

Paragrahv 25. Kommertspankade krediidi- ja maksetehingud

Kommertspangad annavad teistele pankadele krediiti ja teevad makseid teiste pankade kasuks neil Eesti Pangas ja teistes pankades avatud arveldus- (korrespondent-) kontodel olevate vahendite jäägi piires. Kontol olevate rahaliste vahendite vähesuse korral kaasab kommertspank krediidi- või makseoperatsiooni sooritamiseks krediidiressursse klientuurile, teistelt kommertspankadelt lepingu alusel või Eesti Pangalt käesoleva seaduse paragrahvis 49 ettenähtud korras.

Paragrahv 26. Kommertspankade krediidilt võetavad protsendimäärad

Kommertspankade operatsioonidelt võetavad protsendimäärad kehtestavad pangad iseseisvalt.

Paragrahv 27. Protsendimäärade taseme reguleerimine

Eesti Pank reguleerib kommertspankade krediidioperatsioonidelt võetavate protsendimäärade taset kõiki käesoleva seaduse paragrahvis 23 loetletud abinõusid kasutades.

IV peatükk. PANGA VARALINE TAGATUS JA TEMA KREEDITORIDE HUVIDE KAITSE

Paragrahv 28. Kommertspankadele ja muudele krediidiasutustele kehtestatavad majandusnormatiivid

(1) Krediidiasutuste varalise tagatuse ja nende kreeditoride huvide tagamiseks järgivad kommertspangad ja muud krediidiasutused järgmisi Eesti Panga poolt kehtestatavaid majandusnormatiive:

1) põhikirjafondi alammäär,
2) panga omavahendite ja tema aktivate summa piirvahekord,
3) likviidsete aktivate minimaalsuhe panga võlgadesse,
4) Eesti Pangas pangasüsteemi krediidiressursside reguleerimise fondi mahutatavate kohustuslike reservide suurus,
5) riski maksimaalsuurus ühe laenusaaja kohta,
6) kasumist pangasüsteemi fondi kodanike hoiuste kindlustamiseks ning panga oma reservfondidesse tehtavate eraldiste normatiivid,
7) kommertspanga omanduses olevate mittepanganduslike ettevõtete aktsiate ja kommertspanga põhikirjafondi piirvahekord.

(2) Eesti Panga poolt kehtestatavad majandusnormatiivid on ühetüübilistele pankadele või muudele krediidiasutustele ühtsed.

Paragrahv 29. Panga omavahendid

Panga omavahendid on:

1) põhikirjafond,
2) reservid vastavalt käesoleva seaduse paragrahvile 37 ja muud kasumist moodustatavad ning panga bilansis olevad fondid,
3) jaotamata kasum, aktsionäridele või osanikele aktsiate tasuta jagamise või osamaksu suurendamise arvel saadud vahendid,
4) panga poolt väljaantud tagatiseta võlakohustused summas, mis ei ületa poolt põhikirjafondi.

(2) Panga omavahendite ja tema aktivate summa piirvahekorda arvestades vähendatakse põhikirjafondi panga poolt omandatud oma aktsiate või osamaksude väärtuste võrra.

Paragrahv 30. Panga aktivad

(1) Panga aktivad on:

1) juriidilistele ja üksikisikutele antud laen,
2) investeeringud väärtpaberitesse,
3) investeeringud kinnisvarasse,
4) muud aktivad.

(2) Panga omavahendite ja tema aktivate summa piirvahekorra suuruse arvutamisel ~~võetakse~~ võetakse arvesse aktivate eri kategooriaid ning aktivatega võrdsustatud bilansiväliseid tinglikke võlakohustusi Eesti Panga poolt kehtestatud koefitsientide alusel.

Paragrahv 31. Panga bilansivälised tinglikud kohustused

Panga omavahendite ja tema aktivate summa arvutamisel võetakse arvesse ka panga bilansiväliseid tinglikke (eventuaalseid) kohustusi. Panga tinglikke kohustusi arvestatakse aktivatena Eesti Panga poolt kindlaksmääratavas korras.

Paragrahv 32. Likviidsete aktivate minimaalsuhe panga võlgadesse

(1) Likviidsed aktivad on:

1) panga kassa,
2) Eesti Pangalt saadaolevad vahendid,
3) Eesti Vabariigi krediidiriski poolest vähemalt samaväärsete riikide, kohalike võimuorganite, samuti riiklikule kontrollile alluvate Eesti Vabariigi ja teiste riikide krediidiasutuste poolt väljalastud või tagatud likviidsed võlakirjad
4) Eesti Vabariigi ja teiste riikide kommertspankade vähem kui kolme kuu jooksul tagasimakstavad notovõlad.

(2) Panga maksevõimelisuse tagamiseks peavad panga likviidsed aktivad moodustama vähemalt 10% tema võlgadest, kusjuures nimetatud summast arvatakse maha riigilt sihtotstarbeliseks kasutamiseks saadud vahendid ja võlad Eesti Pangale.

(3) Käesoleva paragrahvi esimeses lõikes toodud laekumiste hulka ei arvata laekumisi kommertspankadelt ja muudelt krediidiasutustelt, kelle kapitalist pank omab üle poole.

Paragrahv 33. Kohustuslike reservide suurus

(1) Kohustuslike reservide suurus kehtestatakse ühtsena kõigile kommertspankadele ja muudele krediidiasutustele protsentides nende poolt kaasatud vahendite üldsummast või selle juurdekasvust.

(2) Pangad ja muud krediidiasutused hoiavad oma kohustuslikud reservid Eesti Pangas.

Paragrahv 34. Riski maksimaalmäär ühe laenusaaja kohta

(1) Riski maksimaalmäär ühe laenusaaja kohta kehtestatakse laenusaajate tegevuse iseloomu ja nende maksevõimet arvestades teatud protsendina panga omavahendite üldsummast.

(2) Ühe laenusaaja kohta tuleva maksimaalse riski arvutamisel arvatakse riski mõistesse sellele laenusaajale tehtud mahutuste ja antud krediidi kogusumma, samuti tema käsundi põhjal antud garantiid, tagatiskirjad ja muud kohustised.

Paragrahv 35. Kasumieraldised pangasüsteemi fondi kodanike hoiuste kindlustamiseks

Kodanike hoiuste kindlustamiseks panga maksevõimetuse puhuks eraldavad kommertspangad enne arveldusi eelarvega kehtestatud normide järgi osa kasumist pangasüsteemi fondi nende hoiuste kindlustamiseks. Fondi moodustamise ja kasutamise korra kehtestab Eesti Pank.

Paragrahv 36. Eesti Panga volitused kehtestatud normatiivide rikkumisel kommertspankade poolt

(1) Kui ilmneb, et mõni kommertspank on rikkunud käesoleva seaduse paragrahvis 28 kehtestatud normatiive, näeb Eesti Pank ette rikkumiste kõrvaldamise tähtajad.

(2) Normatiivide pideva rikkumise ja pangaoperatsioonide normatiividega vastavusse viimise tähtaegu ja tingimusi käsitlevate Eesti Panga ettekirjutuste täitmata jätmise korral, mis ohustab panga kreeditoride huve, võib Eesti Pank tõstatada nende organite ees, kelle asutamisaktiga riiklik pank moodustati, või kommertspanga osanike ees küsimuse:

1) panga tervendamise abinõude rakendamisest,

2) panga reorganiseerimisest,

3) panga likvideerimisest.

(3) Kommertspankade suhtes, kes rikuvad paragrahvis 28 kehtestatud normatiive, võib Eesti Pank rakendada majandussanktsioone.

(4) Eesti Pank võib samuti tühistada kommertspanga tegevuslitsentsi käesolevas paragrahvis ettenähtud asjaolude ilmnemisel.

Paragrahv 37. Reservid võimalike kahjude katteks.

Pangad moodustavad kasumist reservid võimalike kahjude katteks. Reservid, mis ei ole seotud nende moodustamise päeval olnud lootusetu või kahtlase võlgnevusega, kuuluvad panga omavahendite hulka ning need moodustatakse kasumist enne arvelduste tegemist eelarvega.

Paragrahv 38. Panga saladus

(1) Pangad garanteerivad oma klientidele ja korrespondentidele operatsioonide, kontode ja hoiuste saladuse. Kõik pangateenistujad on kohustatud hoidma saladuses informatsiooni majanduslikust seisukorrast ja ärisaladustest, mida nad on saanud oma töö käigus klientide ja muude isikute kohta.

(2) Ôiendeid juriidiliste ja üksikisikute operatsioonide ja kontode kohta antakse:

1) juriidilistele ja üksikisikutele endile,
2) seaduses ettenähtud juhtudel kohtutele ja arbitraažiorganitele,
3) rahandusorganitele maksustamise küsimustes.

(3) Ôiendeid kodanike kontode ja hoiuste kohta antakse peale klientide endi ja nende esindajate kohtutele ja uurimisorganitele nende menetluses olevates asjades seadusandluses kehtestatud korras.

(4) Ôiendeid kontode ja hoiuste kohta antakse nende valdajate surma korral isikutele, kelle konto või hoiuse valdaja on märkinud pangale tehtud testamentaarses korralduses, samuti riiklikele notariaalkontoritele ja välisriikide konsulaaresindustele.

Paragrahv 39. Pangas olevate rahaliste vahendite ja muude väärtuste arestimine ja neile sissenõude pööramine

(1) Pankades olevaid juriidiliste ja üksikisikute rahalisi vahendeid ja muid väärtusi võib arestida ainult kohtuotsuse ja uurimis- või arbitraažiorganite määruste põhjal. Sissenõude neile vahendeile võib aga pöörata ainult kohtute poolt antud täitelehtedm, arbitraažiorganite käskkirjade ja muude täitedokumentide põhjal, Eesti Vabariigi seadusandluses ettenähtud juhtudel aga rahandusorganite ja muude organisatsioonide nõudmisel.

(2) Pangas olevaid Nõukogude ja välisriikide ning rahvusvaheliste organisatsioonide rahalisi vahendeid ja muid väärtusi võib arestida või pöörata neile sissenõude ainult kohtute või arbitraažiorganite otsuste alusel seadusandluses kehtestatud korras.

(3) Pangas olevaid üksikisikute rahalisi vahendeid ja muid väärtusi võib arestida ainult:

1) kohtute ja uurimisorganite määruste alusel nende menetluses olevates kriminaalasjades ning vara konfiskeerimise asjade läbivaatamisel,
2) kohtute määruste alusel, kelle menetluses on kriminaalasjadest tulenevad tsiviilasjad (välja arvatud osa, mis võrdub arestimisele eelnenud kalendriaastal saadud kolmekordse keskmise kuupalgaga (pensioniga) ning alimentide sissenõudmise (palga või muu sellise vara puudumisel, millele saab pöörata sissenõude või abikaasade ühisvaraks oleva hoiuse jagamise asjad.

(4) Üksikisikute rahalistele vahenditele ja muudele väärtustele pankades võib pöörata sissenõude kohtu poolt kriminaalasjas tehtud otsuse või kriminaalasjast tuleneva tsiviilhagi rahuldamiseks tehtud kohtuotsuse, alimentide sisse-

nóudmise (palga vói muu sellise vara puudumisel, millele saab pöörata sissenóude) kohta tehtud kohtuotsuse vói rahvakohtuniku määruse vói abikaasade ühisvaraks oleva hoiuse jagamise kohta tehtud kohtuotsuse alusel.

(5) Pankades olevaid üksikisikute rahalisi vahendeid vói muud vara vóib konfiskeerida kriminaalasjas jóustunud kohtuotsuse vói kooskólas seadusega tehtud vara konfiskeerimise määruse alusel.

(6) Juriidiliste ja üksikisikute pankades olevaid rahalisi vahendeid ja muud väärtusi vabastab aresti alt neid arestinud organ.

V peatükk. KLIENTUURI TEENINDAMINE PANKADE POOLT

Paragrahv 40. Panga ja tema kliendi suhete lepinguline iseloom

(1) Panga ja tema klientide suhetel on lepinguline iseloom.

(2) Kliendid valivad ise panga krediidi- ja arveldusalaseks teenindamiseks.

(3) Kommertspank vóib vótta vói mitte vótta klienti krediidi- ja arveldusalasele teenindamisele.

Paragrahv 41. Krediidi tagastatavuse tagamine

(1) Pank vótab krediidi óigeaegse tagastamise tagatisena pante, garantiisid, tagatiskirju ja panganduspraktikas kehtivaid muus vormis kohustusi.

(2) Pangad vóivad teha otsuseid krediidi andmise kohta tagatiseta (blankokrediit).

Paragrahv 42. Pant

(1) Pangad vóivad vótta pandiks pandi alt vabasid kaubalis-materiaalseid väärtusi, kliendi poolt valmistatavat toodangut, väärtpabereid, kaubajaotusdokumente ning muid väärtusi. Välismaal asuvad kaubalis-materiaalsed väärtused, mille pangad on vótnud pandiks välismajandusoperatsioonide krediidi tagatisena, peavad olema kindlustatud kliendi kulul.

(2) Hooneid, rajatisi, seadmeid ja muud póhivahendite hulka kuuluvat vara vóib vótta pandiks, juhul kui klient vastutab kooskólas seadusandlusega oma kohustiste eest kogu talle kuuluva varaga.

(3) Pandi registreerimise korra kehtestab Eesti Vabariigi Valitsus.

(4) Pikaajalise, enam kui 60 päeva tasumisega hilinenud laenuvólgnevuse korral, mille tagatiseks on panditud kaubalis-rahalised väärtused, on pangal óigus päarast pretensioonide rahuldamist palga ja eelarvaesse kantavate maksete osas suunata vólgnevuse kustutamiseks ettevótte poolt panditud vara müügist saadud tulem.

(5) Pangas panditud vara müüakse tema juhise póhjal kohtusse, arbitraaži vói vahekohtusse pöördumata.

(6) Pangas panditud vara müügist saadud vara vahendid lähevad pangale pandiga tagatud võlgnevuse kustutamiseks, kusjuures pangal on eelisõigus teiste juriidiliste ja üksikisikute pretensioonide ees.

Paragrahv 43. Arvelduste vormid

Pangad teevad arveldusi Eesti Panga poolt lubatud vormides.

Paragrahv 44. Laenusaajate maksevõimetuks tunnistamine

Pangad võivad laenusaajaid, kes ei ole täitnud oma kohustusi pankadelt saadud vahendite õigeaegse tagastamise osas, tunnistada maksevõimetuks, teatades sellest kreeditoridele, kohaliku omavalitsuse täitevorganite ning sellise ühisettevõtte osanikele, kus osalevad Eesti, Nõukogude ja välisriikide organisatsioonid ning avaldades ajakirjanduses sellekohase teate 7 päeva jooksul.

Paragrahv 45. Maksevõimetuks tunnistatud laenusaaja suhtes rakendatavad abinõud

Maksevõimetuks kuulutatud laenusaaja suhtes võib pankade ettepanekul rakendada järgmisi abinõusid:

1) operatiivjuhtimise üleandmine administratsioonile, kes määratakse kreeditoriks oleva panga osavõtul,
2) reorganiseerimine,
3) likvideerimine koos pangale panditud vara realiseerimisega vastavalt seadusandlusele.

Paragrahv 46. Pankade tasulised teenused

Pank osutab klientidele ja üksteisele lepingu alusel tasulisi teenuseid käesoleva seaduse paragrahvis 2 ettenähtud operatsioonide osas.

VI peatükk. PANKADE VÄLISMAJANDUSTEGEVUS

Paragrahv 47. Kontroll pankade välisvõlgnevuse üle

Eesti Pank teostab Eesti Vabariigi seadusandlusega ettenähtud korras kontrolli pankade võlgnevuse üle välismaistele kreeditoridele.

Paragrahv 48. Panga valuutafondid

Pank kasutab välisvaluutat ning moodustab valuutafonde kooskõlas kehtiva seadusandlusega.

VII peatükk. PANKADEVAHELISED SUNTED

Paragrahv 49. Pankadevahelised deposiidi- ja krediidioperatsioonid

(1) Kommertspangad võivad lepingu alusel kaasata ja mahutada üksteise juures vahendeid deposiidi ja krediidi näol ning sooritada muid nende põhikirjades ettenähtud vastastikuseid operatsioone.

(2) Klientide krediteerimiseks ja endale võetud kohustiste täitmiseks vajalike vahendite vähesuse korral võivad kommertspangad pöörduda krediidi saamiseks Eesti Panga poole. Selliste krediidioperatsioonide sooritamise korra määrab kindlaks Eesti Pank.

VIII peatükk. ELANIKE HOIUSED

Paragrahv 50. Elanike hoiused kui kommertspanga kredidiressursid

(1) Kommertspank võib kaasata elanike rahalisi vahendeid nende kasutamiseks krediidiressurssidena.

(2) Pank võtab vastu hoiuseid, andes hoiustajale hoiustusdokumendi.

Paragrahv 51. Hoiustajad

(1) Hoiustajaiks võivad olla üksikisikud, olenemata nende kodakondsusest.

(2) Hoiustaja võib käsutada hoiuseid, saada hoiustelt tulu protsentidena ja muus panga poolt pakutavas vormis ning sooritada sularahata arveldusi.

(3) Kommertspankadesse sissemakstud hoiuste käsutamise kord määratakse kindlaks kommertspankade põhikirjades ning panga ja kliendi vahelise hoiustamislepinguga.

Paragrahv 52. Alaealiste õigused hoiuste osas

(1) Hoiustajaks võib olla ka alaealine isik.

(2) Alaealine, kes on ise sisse maksnud hoiuse oma nimele, kasutab seda hoiust iseseisvalt.

(3) Teise isiku poolt alaealise nimele sissemakstud hoiuseid käsutavad:

1) alaealise 15-aastaseks saamiseni alaealise vanemad või muud seaduslikud esindajad,
2) pärast alaealise 15-aastaseks saamist alaealine ise, kuid oma vanemate või muude seaduslike esindajate nõusolekul.

Paragrahv 54. Hoiustaja testamentaarne korraldus

(1) Hoiustajal on õigus teha testamentaarne korraldus hoiuse väljamaksmise kohta tema surma korral mistahes isikule, organisatsioonile või riigile.

(2) Käesoleva paragrahvi lõikes 1 ettenähtud juhtudel ei kuulu hoius pärandvara hulka. Pangad maksavad selliseid hoiuseid välja Eesti Vabariigi seadusandluses ettenähtud korras.

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(3) Hoiuse, mille kohta ei ole tehtud testamentaarset korraldust, maksavad pangad hoiustaja surma korral pärijatele välja Eesti Vabariigi seadusandluses ettenähtud korras.

IX peatükk. PANKADE ARUANDLUS

Paragrahv 55. Aruannete esitamine ning aastabilansside ning kasumi- ja kahjumiaruannete avaldamine

(1) Pangad esitavad aruandeid kehtiva seadusandluse alusel kehtestatud korras.

(2) Pangad avaldavad aastabilansi ning aruande kasumi ning kahjumi kohta Eesti Panga poolt kehtestatud vormis ja tähtajal.

X peatükk. JÄRELEVALVE KOMMERTSPANKADE TEGEVUSE ÜLE

Paragrahv 56. Eesti Panga järelevalve funktsioonid

(1) Eesti Pank teostab järelevalvet kooskõlas käesoleva seadusega kehtestatud kohustuslike normatiivide järgimise üle kommertspankade poolt ning Eesti Vabariigi seadusandluse ja Eesti Panga poolt väljaantavate normatiivaktide õige rakendamise üle.

(2) Käesoleva paragrahvi lõikes 1 ettenähtud funktsiooni täitmiseks võib Eesti Pank korraldada kommertspankade poolt sooritatavate operatsioonide üld- või valikkontrolli, mis üldjuhul ei toimu sagedamini kui kord aastas. Eesti Panga Nõukogu otsuse alusel võib kontrollimine toimuda ka sagedamini.

(3) Kommertspankade tegevust kontrollib Eesti Panga revisjonitalitus või Eesti Panga ülesandel mõni muu revisjoni- või auditororganisatsioon.

(4) Kommertspangad on kohustatud esitama kontrolli teostava organisatsiooni nõudmisel selle bilansse, plaane, aruandeid ja muid kontrolliks vajalikke dokumente.

Eesti Vabariigi Ülemnõukogu Presiidiumi esimees — A.Rüütel

Eesti Vabariigi Ülemnõukogu Presiidiumi sekretär — A.Almann

Tallinn, 28.detsembril 1989.a.

Nr.2293-XI

muudatus

Tallinn, 15.mail 1991.a.

Ärakiri õige

AMENDMENTS TO THE BANK LAW OF THE REPUBLIC OF ESTONIA, 7/8/92

ENGLISH AND ESTONIAN

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REPUBLIC OF ESTONIA

L A W

on Amendments and Additions to the Bank Law of the Republic of Estonia

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To the Bank Law of the Republic of Estonia (ENSV Teataja 1989, No.41, art. 647; RT 1990, No.2, art. 36; RT 1991, No.16, art. 222) the following amendments and additions shall be made:

1. Add to the first and second paragraphs of the preamble, after the word 'banks', the words 'and other credit institutions'.

2. Make amendments to Article 1, so that it shall read as follows:

"Article 1. Definition of Bank and Other Credit Institutions

(1) Banks are institutions that carry out bank operations sanctioned by the present Law.

(2) Other credit institutions are savings unions, credit unions and specialized credit institutions. Other credit institutions are subject to all the regulations established for banks in the present Law, with the exception of special conditions mentioned in Article 12.3 and 12.4."

3. Make amendments to Article 2.1.1, so that it shall read as follows:

"1) holding monetary deposits and extending credit;"

4. Make amendments to Article 2.1.11, so that it shall read as follows:

"11) buying and selling foreign currency;"

5. In the title of Article 5, replace the word 'Integral' by the word 'Estonian'.

6. Make amendments to Article 5.2, so that it shall read as follows:

"(2) In order to register at the local municipal body, branches and agencies of commercial banks and other credit institutions shall have to be previously registered at the Bank of Estonia."

7. In Article 5.4, replace the words 'any and all banks' by the words 'banks and other credit institutions'.

8. Make amendments to Article 6.1, so that it shall read as follows:

"(1) Banks and other credit institutions are guided in their activities by the laws of the Republic of Estonia, by decisions made by the supreme state authorities of the Republic of Estonia, by their own Statutes and by the official standards established by the Bank of Estonia."

9. Make amendments to Article 7.1, so that it shall read as follows:

"(1) The Bank of Estonia is an independent institution that gives an account of its activities to the supreme state authority of the Republic of Estonia at least once a year."

10. In Article 7.2, add to the first sentence the following sentence:

"Neither Government members nor their deputies can be appointed as members of the Board of the Bank of Estonia."

11. In Article 7.2, replace the words 'Supreme Council' by the words 'supreme state authority'.

12. Make amendments to Article 7.5, so that it shall read as follows:

"(5) The Bank of Estonia makes public its annual balance statement and report on activities in the Riigi Teataja."

13. Make amendments to Article 8.1 and 8.2, so that they shall read as follows:

"(1) The main functions of the Bank of Estonia are:

1) to regulate currency circulation, crediting, clearing of payments and foreign exchange;

2) to determine the exchange rate of the Estonian kroon and to ensure the kroon's stability;

3) to issue the Estonian kroon into circulation and to remove it from circulation;

4) to manage the monetary and credit system of the Republic of Estonia;

5) to supervise and inspect the activities of banks and other credit institutions in the Republic of Estonia.

(2) With its activities the Bank of Estonia takes part in the elaboration of the economic strategies of the Republic of Estonia."

14. Make amendments to Article 10, so that it shall read as follows:

"Article 10. Tasks of the Bank of Estonia in executing the functions of the State Treasury

(1) The Bank of Estonia is the keeper of the budget surplus of the Republic of Estonia.

(2) The Bank of Estonia is not allowed to credit the state and local budgets of the Republic of Estonia."

15. Make amendments to Article 11.1.5, so that it shall read as follows:

"5) to give guarantees to financial and credit institutions of foreign countries and to international organizations, as far as monetary obligations are concerned;"

16. In Article 11.2, replace the word 'usage' by the word 'registration'.

17. Make amendments to Article 12.1, so that it shall read as follows:

"(1) A commercial bank is a credit institution which, on the basis of contracts, involves and invests money, serves its customers at the cashdesk and carries out clearings of payments. According to its Statutes, a commercial bank has also the right to carry out other banking operations."

18. In Article 15, add to the word 'contributions' the words 'and profit'.

19. Make amendments to the first sentence of Article 18, so that it shall read as follows:

"Commercial banks and other credit institutions are founded and registered according to the Law of Enterprise of the Republic of Estonia."

20. Add to Article 21.1 another point, No.7, which shall read as follows:

"7) if balance statements and other obligatory reports are not submitted when they are due."

21. Make amendments to Article 22, so that it shall read as follows:

"Article 22. Reorganizing or Terminating the Activities of Commercial Banks or Other Credit Institutions

(1) In addition to the cases mentioned in other articles of the present Law, a commercial bank or another credit institution is reorganized (joining, merger, dividing, separation, restructuring) or its activities are terminated (liquidation) in accordance with the Statutes of the bank or the credit institution.

(2) In case the operating license is cancelled on the grounds pointed out in Article 21 of the present Law, the commercial bank or the credit institution shall be subject to forceful liquidation, on the terms and the date determined by the President of the Bank of Estonia."

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22. Make amendments to Article 23.1, so that it shall read as follows:

"1) changing the terms of crediting commercial banks and other credit institutions;"

23. -

24. -

25. Make amendments to Article 24.1 and 24.2, so that they shall read as follows:

"(1) The banks located in the Republic of Estonia shall open correspondent accounts at the Bank of Estonia.

(2) Banks may make payments between themselves through clearing houses or by correspondent accounts opened at each other's banks."

26. Make amendments to Article 26, so that it shall read as follows:

"Article 26. Rates of Operation Fees / Payment on Transactions

Commercial banks and other credit institutions establish the rates of operation fees independently."

27. Make amendments to Article 36.3, so that it shall read as follows:

"(3) With regard to commercial banks that violate the norms established in Article 28 of the present Law and the terms of clearing established in Article 43 of this Law, the Bank of Estonia can enact and apply economic sanctions. The decision taken by the Bank of Estonia to apply economic sanctions shall be final."

28. In Article 38.2 leave out the words 'courts and arbitration authorities' in point 2); delete 38.2.3.

29. In Article 39.1, replace the words 'written orders' by the word 'orders'.

30. In Article 39.2, delete the word 'Soviet'

31. -

32. Make amendments to Article 42, so that it shall read as follows:

"(1) Banks and other credit institutions have the right to accept for collateral commercial-financial assets, securities and other assets.

(2) Banks and other credit institutions have the right to demand that the collateral be insured at the customer's own expense

(3) All collateral contracts concluded by banks and other credit institutions shall be in writing. A collateral contract shall include the names and addresses of the parties, the name of the collateral asset and the nature of the claim, the size of the claim and the deadlines. The parties may agree on other conditions, in case these are not in contradiction with the legislation.

(4) In case the customer violates the terms set forth in the collateral contract, the bank or the other credit institution has the right to place a lien against the property set up as collateral ahead of the set deadline.

(5) In case a collateral is offered to a bank or another credit institution, the customer must qualify as owner of the property set up as collateral, or have a warrant from the owner.

(6) Banks are obliged to register or to mark any property set up as collateral, in a way that will ensure the possibility to have control over it.

(7) In case of a loan debt which is more than 60 days overdue and the collateral of which are commercial-financial assets, the banks and other credit institutions, after satisfying pretentions on salary and budgetary requirements for taxes, reserve the right to use the receipts from the sale of the property put up as collateral for eliminating the indebtedness and for covering any other expenses resulting from the indebtedness. The means remaining from eliminating the indebtedness and covering the expenses shall be returned to the customer.

(8) The property put up in a bank or another credit institution is sold at open auctions or through commercial enterprises."

33. In Article 43, add the words 'and on the terms' to the word 'way'.

34. Make amendments to Article 48, so that it shall read as follows:

"Banks and other credit institutions use foreign currency in accordance with the established legislation."

35. From the title of Article 50, delete the words 'for Commercial Banks'.

36. Make amendments to Article 50.1, so that it shall read as follows:

"(1) Commercial banks and other credit institutions may engage the financial resources of citizens for use as credit resources."

37. Make amendments to the title of Chapter X, so that it shall read as follows:

"Chapter X. Inspection of the Activities of Banks."

38. Add Article 57 to the Law. The new Article shall read as follows:

"Article 57. Applying a Moratorium

(1) On the basis of an application submitted by the President of the Bank of Estonia, the Board of the Bank of Estonia has the right to impose a moratorium on banks for a period of up to one year. A moratorium is applied to a bank which fails to fulfil its obligations to the creditors.

(2) During the moratorium the bank will not fulfil the obligations taken before the moratorium was set, but it will ~~realize~~ sell its assets in order to obtain the necessary means for a simultaneous settling of its obligations.

(3) While the moratorium is in force, the creditors have no right to submit to court the claims that the bank has accepted.

(4) The claims by the creditors which are not submitted by the fixed deadline shall be verified and satisfied according to the accounting documents of the bank.

(5) For the time of the moratorium, the President of the Bank of Estonia, considering the interests of the creditors, has the right to remove immediately from office either all or some members of the Board and the Management of the Bank and appoint other persons to replace them. The decision of the President of the Bank of Estonia is final.

(6) By the date set for the end of the moratorium the Board of the Bank of Estonia, pursuant to the relevant proposal by the President of the Bank of Estonia, shall pass a decision on whether to allow the bank to continue in its activities or to initiate bankruptcy proceedings.

(7) The procedure for applying a moratorium shall be established by the Bank of Estonia.

39. Consider as invalid Article 7.4, Article 12.2, Articles 27 and 44.

A. Rüütel
Chairman
Supreme Council
Republic of Estonia

Tallinn, 8 July, 1992

EESTI VABARIIGI

SEADUS

Muudatuste ja täienduste tegemise kohta
Eesti Vabariigi pangaseaduses

Teha Eesti Vabariigi pangaseaduses (ENSV Teataja 1989, nr. 41, art. 647; RT 1990, nr. 2, art. 36; RT 1991, nr. 16, art. 222) järgmised muudatused ja täiendused:

1. Täiendada preambula esimest ja teist lõiku pärast sõna "pankade" sõnadega "ja muude krediidiasutuste".

2. Muuta § 1 ja sõnastada see järgmiselt:
"§ 1. Panga ja muu krediidiasutuse mõiste
(1) Pank on asutus, kes sooritab käesolevas seaduses ettenähtud pangaoperatsioone.
(2) Muud krediidiasutused on hoiuühistud, krediidiühistud ja spetsialiseeritud krediidiasutused. Muudele krediidiasutustele laienevad kõik käesoleva seadusega pankadele kehtestatud sätted, välja arvatud § 12 3. ja 4. lõikes märgitud eritingimused."

3. Muuta § 2 1.lõike 1.alapunkt ja sõnastada see järgmiselt:
"1) rahaliste hoiuste kaasamine ja laenude andmine;".

4. Muuta § 2 1.lõike 11.alapunkt ja sõnastada see järgmiselt:
"11) välisvaluuta ost ja müük;"

5. Asendada § 5 pealkirjas sõna "ühtse" sõnaga "Eesti".

6. Muuta § 5 2.lõige ja sõnastada see järgmiselt:
"(2) Kommertspankade ja muude krediidiasutuste filiaalid ja esindused peavad nende registreerimiseks kohaliku omavalitsuse organi juures olema eelnevalt registreeritud Eesti Pangas."

7. Asendada § 5 4.lõikes sõnad "mis tahes pankade" sõnadega "pankade ja muude krediidiasutuste".

8. Muuta § 6 1.lõige ja sõnastada see järgmiselt:
"(1) Pangad ja muud krediidiasutused juhinduvad oma tegevuses Eesti Vabariigi seadustest, Eesti Vabariigi kõrgeima riigivõimuorgani otsustest, oma põhikirjast ja Eesti Panga poolt väljaantud normatiivaktidest."

EESTI PANK
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nr. 195-S

RK TR. 850. 1000. 1991.

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9. Muuta § 7 1.lõige ja sõnastada see järgmiselt:

"(1) Eesti Pank on iseseisev asutus, kes esitab vähemalt kord aastas oma tegevusaruande Eesti Vabariigi kõrgeimale riigivõimuorganile."

10. Täiendada § 7 2.lõiget pärast esimest lauset lausega:

"Eesti Panga nõukogu koosseisu ei saa nimetada Eesti Vabariigi Valitsuse liikmeid ega nende asetäitjaid."

11. Asendada § 7 2.lõikes sõna "ülemnõukogu" sõnadega "kõrgeima riigivõimuorgani".

12. Muuta § 7 5.lõige ja sõnastada see järgmiselt:

"(5) Eesti Pank avaldab oma aastabilansi ja tegevusaruande Riigi Teatajas."

13. Muuta § 8 1. ja 2. lõige ja sõnastada need järgmiselt:

"(1) Eesti Panga põhiülesanded on:

1) raharingluse, krediteerimise, arvelduste ja valuutasuhete reguleerimine;
2) Eesti krooni emiteerimine ja käibelt kõrvaldamine;
3) Eesti krooni kursi määramine ja stabiilsuse tagamine;
4) vabariigi raha- ja krediidisüsteemi juhtimine;
5) pankade ja muude krediidiasutuste tegevuse reguleerimine ning järelevalve Eesti Vabariigis.

(2) Eesti Pank osaleb oma tegevusega Eesti Vabariigi majanduspoliitika kujundamises."

14. Muuta § 10 ja sõnastada see järgmiselt:

"§ 10. Eesti Panga ülesanded riigikassa funktsioonide täitjana

(1) Eesti Pank on Eesti Vabariigi riigieelarve jääkide hoidja.

(2) Eesti Pangal on keelatud krediteerida Eesti Vabariigi riigieelarvet ja kohalikke eelarveid."

15. Muuta § 11 1.lõike 5.alapunkt ja sõnastada see järgmiselt:

"5) anda rahaliste kohustiste garantiisid välisriikide rahandus- ja krediidiasutustele ning rahvusvahelistele organisatsioonidele;"

16. Asendada § 11 2.lõikes sõna "kasutamise" sõnaga "registreerimise".

17. Muuta § 12 1.lõige ja sõnastada see järgmiselt:

"(1) Kommertspank on krediidiasutus, mis lepingulisel alusel kaasab ja paigutab raha, teostab klientide kassalist teenindamist ning sooritab arveldusi. Kommertspangal on õigus sooritada ka muid pangaoperatsioone vastavalt oma põhikirjale."

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18. Täiendada § 15 pärast sõna "maksetest" sõnadega "ning kasumist".

19. Muuta § 18 esimene lause ja sõnastada see järgmiselt:
"Kommertspangad ja muud krediidiasutused asutatakse ja registreeritakse Eesti Vabariigi ettevõtteseaduses ettenähtud korras."

20. Täiendada § 21 1.lõiget uue, 7.alapunktiga järgmises sõnastuses:
"7) kui õigeaegselt ei esitata bilansse ja muid kohustuslikke aruandeid."

21. Muuta § 22 ja sõnastada see järgmiselt:
"§ 22. Kommertspanga ja muu krediidiasutuse tegevuse reorganiseerimine ja lõpetamine
(1) Lisaks käesolevas seaduses märgitud juhtudele reorganiseeritakse (liitmine, ühendamine, jagunemine, eraldumine, ümberkujundamine) kommertspank või muu krediidiasutus või lõpetatakse selle tegevus (likvideerimine)põhikirjas ettenähtud korras.
(2) Tegevuslitsentsi tühistamisel käesoleva seaduse § 21 toodud alustel toimub kommertspanga või muu krediidiasutuse sundlikvideerimine, mille korra ja tähtaja määrab Eesti Panga president."

22. Muuta § 23 1. alapunkt ja sõnastada see järgmiselt:
"1) kommertspankade ja muude krediidiasutuste krediteerimise tingimuste muutmise teel;"

23. Asendada § 23 4.alapunktis sõna "teel" sõnaga "kaudu."

24. Asendada § 23 5.alapunktis sõna "protsendimäärade" sõnaga "intressimäärade".

25. Muuta § 24 1. ja 2.lõige ning sõnastada need järgmiselt:
"(1) Eesti Vabariigis asuvad pangad avavad Eesti Pangas oma korrespondentkontod.
(2) Pangad võivad teostada omavahelisi arveldusi arvelduskodade või üksteise juures avatud korrespondentkontode kaudu."

26. Muuta § 26 ja sõnastada see järgmiselt:
"§ 26. Operatsioonidelt võetav tasu
Kommertspangad ja muud krediidiasutused kehtestavad oma operatsioonidelt võetava tasu määrad iseseisvalt."

27. Muuta § 36 3.lõige ja sõnastada see järgmiselt:
"(3) Kommertspankade suhtes, kes rikuvad käesoleva seaduse § 28 1.lõikes nimetatud normatiive ning § 43 alusel

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kehtestatud arveldustingimusi, võib Eesti Pank kehtestada ja rakendada majandussanktsioone. Eesti Panga otsus majandussanktsiooni rakendamise kohta on lõplik."

28. Jätta välja § 38 2.lõike 2.alapunktist sõnad "kohtutele ja arbitraažiorganitele" ning 3.alapunkt.

29. Asendada § 39 1.lõikes sõna "käskkirjade" sõnaga "käskude".

30. Jätta välja § 39 2.lõikest sõnad "Nõukogude ja".

31. Asendada § 39 5.lõikes sõnad "või muud vara" sõnadega "ja muid väärtusi".

32. Muuta § 42 ja sõnastada see järgmiselt:

"(1) Pankadel ja muudel krediidiasutustel on õigus võtta pandiks kaubalis-materiaalseid väärtusi, väärtpabereid ning muud vara.

(2) Pankadel ja muudel krediidiasutustel on õigus nõuda pandieseme kindlustamist kliendi kulul.

(3) Kõik pankade ja muude krediidiasutuste poolt sõlmitud pandilepingud peavad olema kirjalikud. Pandilepingus peavad olema näidatud poolte nimed ja aadressid, pandiese ning pandiga tagatud nõude olemus, selle suurus ja tähtajad. Pooled võivad kokku leppida muudes tingimustes, mis ei ole seadusega vastuolus.

(4) Kui pantija ei pea kinni pandilepingu tingimustest, siis on pangal või muul krediidiasutusel õigus pöörata pandiesemele sissenõue ennetähtaegselt.

(5) Pangale ja muule krediidiasutusele vara pantimisel peab klient olema panditava vara omanik või tal peavad olema vara omaniku volitused.

(6) Pangad on kohustatud registreerima või märgistama pandi viisil, mis tagab pandi kontrollimise võimalused.

(7) Enam kui 60 päeva tasumisega hilinenud laenuvõlgnevuse korral, mille tagatiseks on panditud kaubalis-materiaalsed väärtused, on pankadel ja muudel krediidiasutustel õigus pärast nõuete rahuldamist töötasude ja eelarvesse kantavate maksete osas suunata võlgnevuse ning sellega seotud muude kulutuste tasumiseks kliendi poolt panditud vara müügist saadud tulem. Võlgnevuse ja kulutuste katmisest ülejäänud vahendid tagastatakse kliendile.

(8) Pankadele ja muudele krediidiasutustele panditud vara müüakse avalikel enampakkumistel või kaubandusasutuste kaudu."

33. Täiendada § 43 pärast sõna "vormides" sõnadega "ja tingimustel".

34. Muuta § 48 ja sõnastada see järgmiselt:

"Pank ja muu krediidiasutus kasutab välisvaluutat seaduses ettenähtud korras."

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35. Jätta välja § 50 pealkirjast sõna "kommertspanga".

36. Muuta § 50 1.lõige ja sõnastada see järgmiselt:
"(1) Kommertspangad ja muud krediidiasutused võivad kaasata elanike raha selle kasutamiseks krediidiressursina."

37. Muuta X peatüki pealkiri ja sõnastad see järgmiselt:
"X peatükk. Järelevalve pankade tegevuse üle"

38. Täiendada seadust 57. paragrahviga järgmises sõnastuses:
"§ 57. Moratooriumi kehtestamine
(1) Eesti Panga nõukogul on õigus Eesti Panga presidendi esildise alusel kehtestada pankadele moratoorium tähtajaga kuni üks aasta. Moratoorium kehtestatakse pangale, milline ei suuda täita oma kohustusi kreeditoride ees.
(2) Moratooriumi ajal ei täida pank enne moratooriumi kehtestamist endale võetud kohustusi, vaid realiseerib oma aktivaid, kogumaks vahendeid nende kohustuste üheaegseks täitmiseks.
(3) Moratooriumi ajal ei ole kreeditoridel õigust pöörduda kohtusse nõuetega, milliseid pangad on tunnistanud.
(4) Kreeditoride nõuded, mis ei ole esitatud määratud tähtajaks, tehakse kindlaks ja rahuldatakse panga raamatupidamise dokumentide alusel.
(5) Moratooriumi ajaks võib Eesti Panga president kreeditoride huvides kõrvaldada viivitamatult juhtimisest kas kõik või üksikud panga nõukogu ja juhatuse liikmed ning määrata nende asemele teised isikud. Eesti Panga presidendi otsus on lõplik.
(6) Moratooriumi tähtaja lõppemisel otsustab Eesti Panga nõukogu Eesti Panga presidendi ettepanekul, kas lubada panga edasine tegutsemine või algatada pankrotimenetlus.
(7) Moratooriumi rakendamise korra kehtestab Eesti Pank.

39. Tunnistada kehtivuse kaotanuks § 7 4.lõige, § 12 2.lõige ning §-d 27 ja 44.

Eesti Vabariigi Ülemnõukogu
esimees A. Rüütel

Tallinn, 8. juulil 1992

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STATUTES OF THE BANK OF ESTONIA, 3/15/90

AMENDMENTS OF 2/27/92. ENGLISH AND ESTONIAN

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UNAUTHORIZED TRANSLATION

STATUTE OF EESTI PANK
(BANK OF ESTONIA)

Chapter 1
General Principles

1. Eesti Pank is the central bank of the Republic of Estonia, founded on the basis of the Bank Law of the Republic of Estonia.

2. Eesti Pank is an independent state organization, which shall give an account of its activities to the higherst body of state authority of the Republic of Estonia.

Eesti Pank shall be guided in its activities by the Bank Law of the Republic of Estonia, by the decisions of the highest body of state authority of the Republic of Estonia and by the present Statute.

3. Eesti Pank is a self-financing legal person, which shall be responsible for all its obligations through the property belonging to it.

Eesti Pank is not responsible for the obligations of the Republic of Estonia. The Republic of Estonia is not responsible for the obligations of Eesti Pank, except when the Republic of Estonia decides to accept such a responsibility.

4. Eesti Pank informs the Government of the Republic of Estonia about the decisions adopted by it on currency circulation and banking.

Chapter 2
Basic Tasks

5. The basic tasks of Eesti Pank are:

5.1. to elaborate and execute the republic's economic strategy within the areas of currency circulation, credit extension, financing, clearing of accounts and foreign exchange operations;

5.2. to control the monetary and credit system of the Republic of Estonia;

5.3. to guarantee a stable currency circulation;

5.4. to guarantee the purchasing power of the national currency and to establish an exchange rate for the latter in relation to foreign currencies.

Chapter 3
Rights and Obligations

6. Eesti Pank shall use its rights and fulfill its obligations in carrying out the functions assigned to it.

7. In regulating currency circulation, Eesti Pank

7.1. shall organize the production, transport and storage of banknotes and coins of the national currency of the Republic of Estonia;

7.2. shall release into and remove from circulation the national currency of the Republic of Estonia;

7.3. shall create reserve funds of the national currency of the Republic of Estonia and shall determine the banks to be entrusted with them;

7.4. shall determine the regulations of how currencies of other countries shall be used by legal persons and single individuals of the Republic of Estonia and on the territory of the Republic of Estonia, based on international treaties and agreements with the central banks of other countries;

7.5. shall keep the gold reserves of the Republic of Estonia as well as state reserves of the Republic of Estonia;

7.6. shall determine the conditions under which national currency shall be converted into other currencies;

7.7. shall buy and sell currencies of other countries.

8. With respect to clearing accounts and extending credits, Eesti Pank

8.1. shall have the right to open current, correspondent and other accounts for banks of the Republic of Estonia and foreign countries as well as the right to open current, correspondent and other accounts with banks of the Republic of Estonia and foreign countries;

8.2. shall grant permission to use account forms in the Republic of Estonia;

8.4. shall establish, based on international agreements and banking practice, a procedure for foreign operations in the Republic of Estonia, as well as shall conduct foreign operations itself and shall have the right to grant commercial banks the right to conduct operations with foreign banks;

8.5. shall write off reciprocal balances of payments between commercial banks if they clear correspondent accounts in each other's banks or through an accounting bureau;

8.6. shall establish, together with the Ministry of Finance of the Republic of Estonia, a procedure for conducting operations concerning the realization of state and local budgets;

8.7. shall influence the availability and extension of credit through the means at its disposal (economic regulations, interest rates and the sale and purchase of stocks, bonds and other securities);

8.8. shall regulate, together with the Ministry of Finance of the Republic of Estonia, the internal and foreign debt of the Republic of Estonia, determining the sources, terms and other conditions of the state loan in cooperation with commercial banks;

8.9. shall compile and make public reports on the state of currency circulation and banking in the Republic of Estonia;

8.10. shall grant commercial banks the right to conduct operations not mentioned in the Bank Law of the Republic of Estonia.

9. With respect to foreign economic activity, Eesti Pank:

9.1. shall represent the interests of the Republic of Estonia in its relations with the central and commercial banks

of other countries, international banks as well as with other financing and credit organizations, including the International Monetary Fund and the Bank for International Settlements;

9.2. shall conclude credit agreements (grants and receives loans, issues and redeems bills of exchange, issues guarantees, etc.) with foreign and international banks as well as finance and credit organizations, along with offering remunerative services;

9.3. shall conclude correspondent and other agreements with foreign and international banks;

9.4. shall participate in the drawing up of the balance of payments of the Republic of Estonia;

9.5. shall supervise the foreign indebtedness of commercial banks and other enterprises and organizations and shall, if needed, take appropriate measures in accordance with its own jurisdiction.

10. In dealing with commercial banks and other credit institutions, Eesti Pank":

10.1. shall issue founding and operation licences in addition to state licences for activities in currency circulation and banking operations and shall, in accordance with existing legislation, revoke the said licences;

10.2. shall establish the procedure for founding credit institutions as well as for participation of foreign banks either as partners or share holders, in the credit institutions of the Republic of Estonia;

10.3. shall grant foreign banks the licence to set up bureaus and officies in the Republic of Estonia;

10.4. shall institute the mandatory regulations described in the Bank Law of the Republic of Estonia, shall impose economic sanctions in cases of inadherence to these norms;

10.5. shall consult with commercial banks and with unions and associations formed by them, before adopting any important decisions concerning credit institutions;

10.6. shall extend and receive credit;

10.7. shall define the form and deadline by which financial reports must be presented to it;

10.8. shall establish a procedure by which financial reports on profit and loss of credit institutions shall be made public;

10.9. shall conduct supervision of the activities of commercial banks and other credit institutions in accordance with the Bank Law of the Republic of Estonia.

11. Eesti Pank shall issue mandatory regulations to credit institutions as well as to other enterprises, institutions and organizations within the limits of its jurisdiction.

12. Eesti Pank shall have the right to present draft laws and decrees concerning currency circulation and banking to the highest body of state authority of the Republic of Estonia.

Chapter 4
Administration

14. Eesti Pank shall be administred by a Board comprised of the President of Eesti Pank and eight members of the Board.

15. The Chairman of the Board of Eesti Pank and the President of Eesti Pank shall be appointed by the highest body of state authority of the Republic of Estonia for a five year period. In carrying out his responsibilities, the President of Eesti Pank has the status of a member of the Government of the Republic of Estonia.

16. A member of the Board of Eesti Pank shall be appointed by the highest body of state authority of the Republic of Estonia for a period of five years. A member of the Board of Eesti Pank may not be a member of the Board or administration of another bank.

17. At least half of the Board of Eesti Pank must be present to adopt decisions. Decisions shall be adopted by simple majority, while at least three Board members must vote for the decision.

The respective commission of the highest body of state authority of the Republic of Estonia which shall supervise the activities of Eesti Pank, shall define the special circumstances under which the Board of Eesti Pank may adopt decisions with the support of only two Board members.

In case of a tie, the vote of the Chairman of the Board meeting shall decide.

18. Meetings of the Board of Eesti Pank shall take place at least once a month. The meetings of the Board shall be chaired by the Chairman of the Board or, in his/her absence, by another Board member as decided by the Board. Board meetings are convened by the Chairman, or in his/her absence, by his designated replacement.

19. The Board of Eesti Pank:

19.1. shall adopt major decisions concerning currency circulation and banking, including: establishing the procedure for conducting operations with foreign currency and precious metals, for founding commercial banks, for allowing foreign credit institutions to participate in credit institutions of the Republic of Estonia as share holders or partners, for the creation and usage of credit resource regulation funds and citizen's deposit insurance fund, the procedure for extending credit by Eesti Pank and the usage of foreign credit within the Republic of Estonia; shall decide questions concerning becoming a member of international credit and financial organizations as well as concerning the state debt of the Republic of Estonia; shall grant permission to audit credit institutions more than once a year; shall institute obligatory economic norms for commercial banks as well as penalties for their violation;

19.2. shall supervise the usage of the resources of Eesti Pank;

19.3. shall appoint and dismiss the Vice-Presidents, Directors and the Chief Accountant of Eesti Pank;

19.4. shall make the highest body of state authority of the Republic of Estonia suggestions concerning the adoption of legislative acts on currency circulation and banking.

20. The President of Eesti Pank

20.1. shall coordinate the work of Eesti Pank, including the usage of Eesti Pank resources;

20.2. shall appoint the heads of departments of Eesti Pank as well as the heads of institutions, enterprises and organizations subordinated to Eesti Pank;

20.3. shall determine the structure of Eesti Pank and shall create, reorganize and liquidate institutions, organizations and enterprises subordinated to Eesti Pank;

20.4. shall appoint a Vice-President to substitute for him during periods of absence.

20.5. shall define the functions of Vice-Presidents and Directors of Eesti Pank.

22. In their relations with other institutions, organizations and enterprises, the President, Vice President and Directors shall represent Eesti Pank without special authority in accordance with their functions.

23. The respective commission of the highest body of state authority of the Republic of Estonia shall supervise the activities of Eesti Pank.

24. The respective commission of the highest body of state authority of the Republic of Estionia:

24.1. shall appoint a three member auditing commission;

24.2. shall approve the annual report of Eesti Pank;

24.3. shall supervise the members of the Board of Eesti Pank in their compliance with the ethical norms of banking and business.

Chapter 5
Expenses, Revenues and Funds of the Bank

25. Eesti Pank shall conduct operations on the money market in fulfilling the basic tasks assigned to it. As a general rule, Eesti Pank shall not grant credit to nor serve citizens or non-banking enterprises, institutions or organizations of the Republic of Estonia. Exceptions for granting credit to and serving citizens and non-banking enterprises of the Republic of Estonia shall be decided upon by the Board of Eesti Pank.

26. The revenues of Eesti Pank shall comprise from the granting credits and guarantees, the discounting of promissory notes, the sale of securities, the sale of foreign exchange and from receipts on any other operations conducted within the rights and obligations assigned to Eesti Pank.

27. The expenses of Eesti Pank shall comprise from the receipt of loans and guarantees, the purchase of securities, the purchase of foreign currency and from any other operations conducted within the rights and obligations assigned to Eesti Pank in addition to its general maintenance costs.

28. Eesti Pank shall create a statutory fund, a reserve fund and a development fund.

29. The amount of statutory fund shall be determined by the highest body of state authority of the Republic of Estonia. The statutory fund shall be comprised from the state budget as well as from special funds.

30. The reserve fund shall be set from the profit of Eesti Pank until it is equal to the statutory fund. If the reserve fund is used to cover losses, new appropriations for the reserve fund shall be made until it reaches its required amount. At least 25% of the annual profit of Eesti Pank shall be transferred to the reserve fund.

31. After the reserve fund has been created and completed as described in Clause 30, the usage of the remaining profit will be decided by the decision of the highest body of state authority of the Republic of Estonia on the basis of the suggestion made by Eesti Pank.

32. Eesti Pank shall be free from taxes to be paid to state and local budgets.

Chapter 6
Final Provisions

33. Eesti Pank shall be located in Tallinn.

34. Eesti Pank shall issue yearly and monthly reports.

35. Eesti Pank and the enterprises, institutions and organizations subordinated to it shall have a stamp with the coat-of-arms of the Republic of Estonia.

36. Eesti Pank shall have the right to found subordinated enterprises to fulfill the functions assigned to it, including printing banknotes, producing necessary paper, minting coins, etc., and shall have the right to be either a shareholder or partner in these enterprises.

37. The activities of Eesti Pank shall be terminated by a decision of the highest body of state authority, which also determines the future usage of the property of Eesti Pank.

Adopted on March 15, 1990

Amendments on February 27, 1992

E E S T I P A N G A

P Õ H I K I R I

I peatükk

Ü L D S Ä T T E D

§ 1. Eesti Pank on Eesti Vabariigi keskpank, mis on loodud Eesti Vabariigi pangaseaduse alusel.

§ 2. Eesti Pank on iseseisev riiklik organisatsioon, mis annab oma tegevusest aru ainult Eesti Vabariigi kõrgeimale riigivõimuorganile.

Eesti Pank juhindub oma tegevuses Eesti Vabariigi pangaseadusest, Eesti Vabariigi kõrgeima riigivõimuorgani otsustest ja käesolevast põhikirjast.

§ 3. Eesti Pank on isemajandav juriidiline isik, kes vastutab oma kohustuste eest kogu talle kuuluva varaga.

Eesti Pank ei vastuta Eesti Vabariigi kohustiste eest. Eesti Vabariik ei vastuta Eesti Panga kohustiste eest, välja arvatud juhud, mil Eesti Vabariik võtab endale sellise vastutuse.

§ 4. Algvariant: Eesti Pank teeb majanduspoliitika tähtsamates valdkondades koostööd Eesti NSV Valitsusega lähtudes Eesti Panga vastutusest raharingluse ja panganduse seisukorra eest Eesti NSV-s.

I muudatus: Eesti Pank informeerib tema poolt vastuvõetud raharinglust ja pangandust puudutavatest otsustest Eesti Vabariigi Valitsust.[xx)]

II peatükk

P Õ H I Ü L E S A N D E D

§ 5. Eesti Panga põhiülesanded on:

1) vabariigi majandusstrateegia väljatöötamine ja teostamine raharingluse, krediteerimise, finantseerimise, arvelduste ja valuutasuhete valdkonnas;

2) Eesti Vabariigi raha- ja krediidisüsteemi juhtimine;

3) stabiilse raharingluse tagamine;

4) rahvusliku valuuta ostuvõime tagamine ning vahetuskursi kindlaksmääramine teiste valuutade suhtes.

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III peatükk

ÕIGUSED JA KOHUSTUSED

§ 6. Eesti Pank kasutab oma õigusi ja täidab kohustusi talle pandud ülesannete täitmiseks.

§ 7. Raharingluse korraldamise osas Eesti Pank:

1) organiseerib Eesti Vabariigi rahvusliku valuuta rahatähtede ja müntide valmistamist, nende vedu ja hoidmist;

2) laseb ringlusse ja kõrvaldab sealt Eesti Vabariigi rahvuslikku valuutat;

3) moodustab Eesti Vabariigi rahvusliku valuuta reservfondid ning määrab reservfonde hoidvad pangad;

4) määrab kindlaks teiste riikide valuutade kasutamise korra Eesti Vabariigi territooriumil ning Eesti Vabariigi juriidiliste ja üksikisikute poolt, lähtudes rahvusvahelistest lepingutest ning kokkulepetest vastavate riikide keskpankadega;

5) hoiab Eesti Vabariigi kullavarusid ning välisvaluuta riiklikke reserve;

6) määrab kindlaks rahvusliku valuuta vahetatavuse tingimused teiste valuutade suhtes;

7) ostab ja müüb teiste riikide valuutat.

§ 8. Arvelduste ja krediteerimise osas Eesti Pank:

1) Algvariant: võib avada oma juures Eesti NSV,teiste liidu vabariikide ja välisriikide pankade arveldus-, korrespondent- ja muid kontosid Eesti NSV, teiste liiduvabariikide ja välisriikide pankades;

Muudatus: võib avada oma juures Eesti Vabariigi ja välisriikide pankade arveldus-, korrespondent- ja muid kontosid ning oma arveldus-,korrespondent- ja muid kontosid Eesti Vabariigi ja välisriikide pankades;[xx)]

2) annab loa arveldusvormide kasutamiseks Eesti Vabariigis;

3) kehtestab vastavalt kokkulepetele NSV Liidu Riigipanga ja teiste liiduvabariikide keskpankadega liiduvabariikidevaheliste arvelduste korra; /Tunnistada kehtivuse kaotanuks [xx)]/

4) kehtestab rahvusvahelistest kokkulepetest ja pangandus-praktikast lähtudes välisarvelduste tegemise korra Eesti Vabariigis, teeb ise välisarveldusi ning võib anda kommertspankadele loa sooritada arveldusi välisriikide pankadega;

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5) kustutab kommertspankade vastastikuste maksete saldos kui nad teevad arveldusi ükstõise juures avatud korrespondentkontode arvelduspalatite kaudu;

6) kehtestab koos Eesti Vabariigi Rahandusministeeriumiga kommertspankade poolt riigieelarve ja kohalike eelarvete kassalise täitmise operatsioonide sooritamise korra;

7) mõjustab oma käsutuses olevate vahenditega (majandusnormatiivid, antavate laenude protsendid, aktsiate, obligatsioonide ja muude väärtpaberite ost ja müük jm.) krediitide nõudmise ja pakkumise vahekorda;

8) reguleerib koos Eesti Vabariigi Rahandusministeeriumiga Eesti Vabariigi sise- ja välisvõlga, määrates kommertspanku kaasates kindlaks riigilaenu allikad, tähtajad ja muud tingimused;

9) koostab ja avaldab ülevaateid raharingluse ja panganduse olukorrast Eesti Vabariigis;

10) annab kommertspankadele loa sooritada Eesti Vabariigi pangaseaduses loetlemata operatsioone;

§ 9. Välismajanduslegevuse osas Eesti Pank:

1) esindab Eesti Vabariigi huve suhetes teiste riikide kesk- ja kommertspankadega, rahvusvahelistes pankades ning teistes rahandus- ja krediidiorganisatsioonides, kaasa arvatud Rahvusvaheline Valuutafond ja Rahvusvaheline Arveldupank;

2) sõlmib krediidilepinguid (saab ja annab laene, annab ja diskoteerib veksleid, annab tagatisi jms.) välisriikide ja rahvusvaheliste pankade ning rahandus- ja krediidiorganisatsioonidega ning osutab tasulisi teenuseid;

3) sõlmib välisriikide ja rahvusvaheliste pankadega korrespondent- ja muid lepinguid;

4) osaleb Eesti Vabariigi maksebilansi koostamisel;

5) jälgib kommertspankade ning teiste ettevõtete ja organisatsioonide välisvõlgnevust ning rakendab vajaduse korral tarvilikke abinõusid vastavalt oma pädevusele.

§ 10. Suhetes kommertspankade ja muude krediidiasutustega Eesti Pank:

1) annab asutamis- ja tegevuslubasid ning riiklikke litsentse raharingluse ja panganduse alal tegutsemiseks ning seadusandlusega ette nähtud juhtudel tühistab need;

2) kehtestab krediidiasutuste moodustamise korra ning välismaiste pankade osalemise korra Eesti Vabariigi krediidiasutustes osanike või aktsionäridena;

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3) annab välispankadele loa osakondade ja filiaalide avamiseks Eesti Vabariigis;

4) kehtestab Eesti Vabariigi pangaseadusega ette nähtud kohustuslikud majandusnormatiivid ja rakendab neist majandusnormatiividest mittekinnipidamisel majandussanktsioone;

5) konsulteerib enne krediidiasutusi puudutavate tähtsamate otsuste vastuvõtmist kommertspankade ning nende poolt moodustatud liitude ja assotsiatsioonidega;

6) annab ja saab krediite;

7) määrab kindlaks talle esitatavate aruannete vormi ja tähtajad;

8) kehtestab krediidiasutuste bilansside ning kasumi ja kahjumi aruannete avaldamise korra;

9) teostab järelvalvet kommertspankade ja muude krediidiasutuste tegevuse üle vastavat Eesti Vabariigi pangaseadusele.

§ 11. Eesti Pank annab oma pädevuse piires krediidiasutustele ning teistele ettevõtetele, asutustele ja organisatsioonidele kohustuslikke normatiivakte.

§ 12. Eesti Pangal on õigus esitada Eesti Vabariigi kõrgeimale riigivõimuorganile raharinglust ja pangandust käsitlevate seaduste ja otsuste projekte.

§ 13. Eesti Pank ei või olla Eesti NSV kommertspankades osanikuks ega aktsionäriks.

Tunnistada kehtetuks.[xx)]

IV peatükk

J U H T I M I N E

§ 14. Eesti Panka juhib nõukogu, kuhu kuuluvad Eesti Panga president ja vähemalt neli nõunikku.

Muudatus: Eesti Panka juhib nõukogu, kuhu kuuluvad Eesti Panga president ja veel kaheksa nõukogu liiget.[xx)]

§ 15. Eesti Panga nõukogu esimeheks on Eesti Panga president, kelle nimetab viieks aastaks ametisse Eesti NSV kõrgeim riigivõimuorgan. Oma funktsioonide täitmisel on Eesti Panga presidendil Eesti NSV Valitsuse liikme staatus.

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7.

Muudatus: Eesti Panga nõukogu esimehe ja Eesti Panga presidendi nimetab viieks aastaks ametisse Eesti Vabariigi kõrgeim riigivõimuorgan. Oma funktsioonide täitmisel on Eesti Panga presidendil Eesti Vabariigi Valitsuse liikme staatus.x)

§ 16. Eesti Panga nõukogu liige nimetatakse ametisse Eesti NSV kõrgeima riigivõimuorgani poolt viieks aastaks. Eesti Panga nõunikud nimetatakse ametisse Eesti Panga presidendi esildise alusel. Eesti Panga nõunikuks ei või olla teise panga nõukogu või juhatuse liige.

Muudatus: Eesti Panga nõukogu liikme nimetab ametisse Eesti Vabariigi kõrgeim riigivõimuorgan viieks aastaks. Eesti Panga nõukogu liikmeks ei või olla teise panga nõukogu või juhatuse liige.x)

§ 17. Eesti Panga nõukogu on otsustusvõimeline, kui kohal on vähemalt pooled nõukogu liikmed. Nõukogu võtab otsuseid vastu lihthäälteenamusega, kusjuures otsuse poolt peab olema vähemalt kolm nõukogu liiget.

Eesti Panga tegevuse üle järelvalvet teostav Eesti Vabariigi kõrgeima riigivõimuorgani vastav komisjon määrab kindlaks, millistes eriolukordades on võimalik Eesti Panga nõukogu otsuseid vastu võtta kahe nõukogu liikme poolt.

Häälte võrdse jagunemise korral on otsustavaks nõukogu istungi juhataja hääl.

§ 18. Eesti Panga nõukogu istungid toimuvad vähemalt üks kord kuus. Nõukogu istungeid juhatab Eesti Panga nõukogu esimees, tema äraolekul aga üks nõukogu liikmeist vastavalt nõukogu otsusele. Nõukogu istung kutsutakse kokku nõukogu esimehe, tema äraoleku ajal aga nõukogu esimeest asendava nõukogu liikme poolt.

§ 19. Eesti Panga nõukogu:

1) võtab vastu raharinglust ja pangandust puudutavad tähtsamad otsused, sealhulgas kehtestab välisvaluuta ja väärismetallidega pangaoperatsioonide sooritamise, kommertspankade moodustamise, välismaiste krediidiasutuste aktsionärina või osanikuna Eesti NSV krediidiasutustes osalemise, krediidiressursside reguleerimise fondi ning kodanike hoiuste kindlustamise fondi moodustamise ja kasutamise, Eesti Panga poolt krediitide andmise ja väliskrediitide Eesti NSV-s kasutamise reguleerimise korra, otsustab Eesti NSV riigivõlaga ning rahvusvaheliste rahandus- ja krediidiorganisatsioonide liikmeksastumisega seotud küsimusi, annab loa krediidiasutuste kontrollimiseks sagedamini kui üks kord aastas, kehtestab kommertspankadele kohus-

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Muudatus: 1) võtab vastu raharinglust ja pangandust puudu tavad tähtsamad otsused, sealhulgas kehtestab välisvaluuta ja väärismetallidega tehingute sooritamise, kommertspankade moodustamise, välismaiste krediidiasutuste aktsionärina või osanikuna Eesti Vabariigi krediidiasutustes osalemise, krediidiressursside reguleerimise fondi ning kodanikeheiuste kindlustamise fondi moodustamise ja kasutamise, Eesti Panga poolt kreditide andmise ja väliskrediitide Eesti Vabariigis kasutamise reguleerimise korra, otsustab Eesti Vabariigi riigivõlaga ning rahvusvaheliste rahandus- ja krediidiorganisatsioonide liikmeksastumisega seotud küsimusi, annab loa krediidiasutuste kontrollimiseks saatmiseks kui üks kord aastas, kehtestab kommertspankadele kohustuslikud majandusnormatiivid ning majandussanktsioonid nende rikkumiste puhul;xx)

2) otsustab Eesti Panga vahendite kasutamise;

Muudatus: teostab järelvalvet Eesti Panga vahendite kasutamise üle;xx)

3) nimetab ametisse ja vabastab ametist Eesti Panga pearaamatupidaja ja direktorid ning määrab nende kompetentsi;

Muudatus: nimetab ametisse ja vabastab ametist Eesti Panga asepresidendid, direktorid ja pearaamatupidaja;xx)

4) teeb Eesti Vabariigi kõrgeimale riigivõimuorganile ettepanekuid rahariinglust ja pangandust käsitlevate aktide vastuvõtmiseks.

§ 20. Eesti Panga president:

1) organiseerib ja korraldab Eesti Panga tööd;

Muudatus: korraldab Eesti Panga tööd, sealhulgas Eesti Panga vahendite kasutamist;xx)

2) nimetab ametisse Eesti Panga struktuuriüksuste juhatajad ning Eesti Pangale alluvate asutuste, ettevõtete ja organisatsioonide juhid;

3) määrab kindlaks Eesti Panga struktuuri ning moodustab, reorganiseerib ja likvideerib Eesti Pangale alluvaid asutusi, organisatsioone ja ettevõtteid;

4) määrab oma äraoleku ajaks ennast asendama ühe direktoritest;

Muudatus: määrab oma äraoleku ajaks ennast asendama ühe asepresidentidest;xx)

Täiendav: 5) määrab asepresidentide ja direktorite kompetentsi.xx)

§ 21. Eesti Panga direktor juhib Eesti Panga struktuuriüksuste tööd.

Tunnistada kehtetuks.xx)

§ 22. Suhetes teiste asutuste,organisatsioonide ja ettevõtetega esindavad Eesti Panka ilma erivolitusteta president, nõunikud ja direktorid vastavalt oma pädevusele.

Muudatus: Suhetes teiste asutuste ja muude organisatsioonidega esindavad Eesti Panka ilma erivolitusteta president, asepresidendid ja direktorid enda kompetentsi piires. Allkirja õiguse panga nimel pangaoperatsioonidesooritamiseks annab pangaametnikele president. xx)

§ 23. Järelvalvet Eesti Panga tegevuse üle teostab Eesti Vabariigi kõrgeima riigivõimuorgani vastav komisjon.

§ 24. Eesti Vabariigi kõrgeima riigivõimuorgani vastav komisjon:

1) määrab ametisse kolmeliikmelise Eesti Panga revisjonikomisjoni;

2) kinnitab Eesti Panga aastaaruande;

3) jälgib pangandus- ja ärialastest eetilistest normidest kinnipidamist Eesti Panga nõukogu liikmete poolt.

V peatükk
PANGA TULUD,KULUD JA FONDID

§ 25. Eesti Pank sooritab rahaturul operatsioone talle pandud põhiülesannete täitmiseks. Üldjuhul Eesti Pank ei krediteeri ega teeninda kodanikke ning Eesti Vabariigi mittepanganduslikke ettevõtteid, asutusi ja organisatsioone. Otsuse erandkorras kodanike ja Eesti Vabariigi mittepanganduslike ettevõtete krediteerimise või teenindamise kohta langetab Eesti Panga nõukogu.

§ 26. Eesti Panga tulud moodustuvad laenude ja tagatiste andmisest, vekslite diskonteerimisest, väärtpaberite müügist, teiste riikide valuuta müügist ning muudest Eesti Panga õigustest ja kohustustest tulenevate operatsioonide teostamisel saadavatest tuludest.

§ 27. Eesti Panga kulud moodustavad laenude ja tagatiste saamisest, väärtpaberite ostmisest, teiste riikide valuutade ostmisest ja muude Eesti Panga õigustest ja kohustustest tulenevate operatsioonide teostamise

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kuludest ning Eesti Panga ülalpidamiskuludest.

§ 28. Eesti Pangas moodustatakse põhikirjafond, reservfond ja Eesti Panga arendamise fond.

§ 27. Põhikirjafondi suuruse määrab kindlaks Eesti Vabariigi kõrgeim riigivõimuorgan. Põhikirjafond moodustub riigieelarve eraldistest ning sihtotstarbelistest laekumistest.

§ 30. Reservfond moodustatakse Eesti Panga kasumist, kuni reservfondi suurus võrdsustub põhikirjafondi suurusega. Kui reservfondi kasutatakse kahjumite katmiseks, tehakse reservfondi uusi eraldisi, kuni reservfond saavutab ettenähtud suuruse. Reservfondi kantakse vähemalt 25 % Eesti Panga aastakasumist.

Muudatus: Pärast reservfondi moodustamist ettenähtud ulatuses kantakse Eesti Panga vaba kasum Eesti NSV riigieelarvesse.

Jätta välja xx)

§ 31. Eesti Panga kasum suunatakse reservfondi täiendamiseks, Eesti Panga arendamise fondi täiendamiseks ning käesoleva põhikirja paragrahvis 30 kehtestatud korras Eesti NSV riigieelarvesse.

Muudatus: Pärast käesoleva põhikirja § 30 kohaselt reservfondi moodustamist ja täiendamist järelejääva vaba kasumi kasutamine määratakse Eesti Panga nõukogu esildisel Eesti Vabariigi kõrgeima riigivõimuorgani otsusega.xx)

§ 32. Eesti Pank on vabastatud masetest Eesti Vabariigi riigieelarvesse ja kohalikesse eelarvetesse.

VI peatükk

L Õ P P S Ä T T E D

§ 33. Eesti Pank asub Tallinnas.

§ 34. Eesti Pank avaldab oma aastaaruande ning kuuaruanded.

§ 35. Eesti Pangal ning talle alluvatel asutustel, organisatsioonidel ja ettevõtetel on Eesti Vabariigi riigivapi kujutisega pitsat.

§ 36. Eesti Pangal on õigus moodustada enda alluvuses ettevõtteid,mis

metallraha valmistamine jne. ning olla niisugustes ettevõtetes osanikuks või aktsionäriks.

§ 37. Eesti Panga tegevus lõpetatakse Eesti Vabariigi kõrgeima riigivõimuorgani otsuse alusel, millega määratakse ka Eesti Panga varade edasine kasutamine.

Asendada põhikirja tekstis "Eesti NSV" sõnadega "Eesti Vabariik" x)

Asendada põhikirja tekstis sõna "nõunik" sõnaga "nõukogu liige" vastavas käändes xx)

Muudatused:

x) EV Ülemnõukogu otsus 15.03.90.a. /RT nr.2(2) 9.07.90 art.37/

xx) EV Ülemnõukogu otsus 27.02.92.a.

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TELEX CORRESPONDENCE FROM DEUTSCHEBANK REGARDING BANK LAW AND STATUTES OF THE BANK OF ESTONIA, 3/13/92

TRANSLATED INTO ENGLISH.

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COMPUTER TELEX - DO NOT INTERRUPT

FROM: DEUTSCHE BUNDESBANK
FRANKFURT AM MAIN
TO: BANK OF ESTONIA
TALLINN
DATE: 03/13/92
REF: R11/I

TO MR. SIIM KALLAS, CHAIRMAN
PART 1
RE: ESTONIAN BANK LAW AND THE CHARTER OF THE ESTONIAN CENTRAL BANK

DEAR MR. CHAIRMAN,
WE ARE RESPONDING TO YOUR LETTER TO OUR VICE-CHAIRMAN DR. TIETMEYER DATED 2/11/92, AND WE HAVE THE FOLLOWING GENERAL COMMENTS REGARDING THE AFOREMENTIONED LAW AND CHARTER:
1.
WE DO NOT KNOW WHAT LEGAL STATUS THE CHARTER OF YOUR CENTRAL BANK HAS, SINCE IT WAS ENACTED BY PARLIAMENTARY DECREE. SINCE NO. 1 OF THE CHARTER STATES THAT THE CENTRAL BANK IS BASED UPON THE BANK LAW (CF. NO. 2), WE ASSUME THAT A CHARTER BASED ON A LAW HAS ONLY A SUPPLEMENTARY, SUBORDINATE LEGAL STATUS. THE BANK LAW REFERS TO THE "STATUTE" OF THE BANK.
IT IS OUR OPINION THAT SPECIAL IMPORTANCE OF THE CENTRAL BANK IN ACHIEVING A FUNCTIONING MONETARY SYSTEM, WHICH IS THE BASIS OF A SUCCESSFUL FREE MARKET ECONOMY, REQUIRES THAT THE FUNCTION AND ACTIVITY OF THE CENTRAL BANK BE FOUNDED ON A SEPARATE LAW, I.E. ON A CENTRAL BANK LAW, WHICH EXHAUSTIVELY SETS FORTH ALL SUBSTANTIVE PRINCIPLES APPLICABLE TO THE CENTRAL BANK. IN OUR OPINION, A CHARTER CAN ONLY REGULATE SUCH FORMAL DETAILS AS MATTERS OF PROCEDURE (CF. PARA 34 OF THE LAW ON THE GERMAN BUNDESBANK. OUR CHARTER CONTAINS REGULATIONS, FOR EXAMPLE, CONCERNING MEETINGS OF THE MANAGEMENT COMMITTEES OF THE BANK, I.E. MEETINGS OF THE CENTRAL BANK BOARD, THE MANAGING BOARD AND THE ADVISORY BOARDS, SPECIFICALLY QUESTIONS OF MEETING CALLS, QUORUMS, REQUIRED MAJORITIES, AND SO ON).
THUS YOU MIGHT CONSIDER PURSUING A COMPREHENSIVE CENTRAL BANK LAW FOR THE CENTRAL BANK OF ESTONIA. THIS WOULD ALSO SERVE TO CLEAR UP THE LEGAL BASIS OF THE CENTRAL BANK. CERTAIN POSSIBLE OVERLAPS WOULD BE AVOIDED.
THE CREATION OF A SEPARATE CENTRAL BANK LAW WOULD ENTAIL TRANSFERRING THE BASIC REGULATIONS CURRENTLY CONTAINED IN THE BANK LAW GOVERNING THE CENTRAL BANK TO SUCH A CENTRAL BANK LAW. THIS APPLIES IN PARTICULAR TO THE TRANSFER OF FUNCTIONS AND TASKS SET FORTH THEREIN, INCLUDING ISSUING CURRENCY AND COINS AS LEGAL TENDER (SEE INTRODUCTION TO THE BANK LAW, NOS. 8-11, 23, 56), AND TO THE INDEPENDENCE OF THE CENTRAL BANK AND ITS RELATIONSHIP TO

THE GOVERNMENT AND PARLIAMENT (SEE NO. 7.1), AS WELL AS TO THE ORGANIZATION OF THE MANAGEMENT OF THE CENTRAL BANK (NO. 7.2)

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FROM: DEUTSCHE BUNDESBANK
FRANKFURT AM MAIN
TO: BANK OF ESTONIA, TALLINN
DATE: 03/13/92
REF: R11/II

AND TO THE PUBLICATION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS (NO. 7.5.)

THE CURRENT BANK LAW WOULD CONTINUE TO EXIST AND WOULD IN THE FUTURE BE CONFINED TO REGULATING THE ACTIVITY OF THE COMMERCIAL BANKS AMONG THEMSELVES AND IN RELATION TO CUSTOMERS, AND DETERMINING THE POWERS OF THE CENTRAL BANK TO REGULATE BANKING AND SUPERVISE BANKS.

IN FACT, THE AREAS COVERED BY THE CURRENT BANK LAW ARE REGULATED BY A VARIETY OF LAWS IN OUR COUNTRY, PARTICULARLY THE LAW GOVERNING THE BANKING INDUSTRY, THE CIVIL CODE, AND THE COMPETITION LAW; THE PRINCIPLES APPLICABLE TO THE CENTRAL BANK ARE SET DOWN IN THE LAW GOVERNING THE GERMAN BUNDESBANK (BUNDESBANK LAW).

THE CREATION OF A SELF-SUFFICIENT CENTRAL BANK LAW FOR THE CENTRAL BANK OF ESTONIA WOULD ALSO TAKE INTO ACCOUNT THE AUTHORITY OF THE CENTRAL BANK OVER THE COMMERCIAL BANKS AS AN INDEPENDENT GOVERNMENTAL INSTITUTION. WE ARE ATTACHING TO THIS LETTER THE "DRAFT STRUCTURE" FOR A CENTRAL BANK LAW PREPARED BY US AT AN EARLIER DATE.

2. FURTHERMORE, WE WOULD LIKE TO POINT OUT THAT IT WOULD BE IMPORTANT FOR THE STATUS OF THE CENTRAL BANK AND ITS LEGAL FOUNDATION -- IF POLITICALLY POSSIBLE -- TO ANCHOR THE CENTRAL BANK IN THE ESTONIAN CONSTITUTION. OUR CONSTITUTION, WHICH IS CALLED THE GRUNDGESETZ [BASIC LAW], PROVIDES SUCH A CONSTITUTIONAL ANCHORING FOR THE GERMAN BUNDESBANK. IT PROVIDES A CONSTITUTIONAL GUARANTEE FOR THE GERMAN BUNDESBANK'S CONTINUED EXISTENCE AS AN INSTITUTION, FOR ITS ROLE AS THE BANK OF ISSUE, AND FOR ITS ENDOWMENT WITH SUFFICIENT MONETARY POLICY TOOLS TO CARRY OUT ITS TASKS.

3. IN OUR VIEW, THERE ARE FOUR CORE ELEMENTS THAT A CENTRAL BANK -- WHICH IS TO BE EFFECTIVE, AND THEREFORE ULTIMATELY SUCCESSFUL IN THE GENERAL INTEREST -- MUST POSSESS:

A) A CLEAR SET OF OBJECTIVES, AMONG WHICH THE OBJECTIVE OF CURRENCY STABILITY, IN THE SENSE OF MAINTAINING A STABLE PRICE STRUCTURE, IS MOST IMPORTANT (SEE ART. 105 EEC TREATY, NEW

VERSION, (N.F.), ART. 2 ET SEQQ. OF THE STATUTE OF THE FUTURE EUROPEAN CENTRAL BANK (EZB); PARA. 3 OF THE BUNDESBANK LAW);

B) INDEPENDENCE, THAT IS, EXEMPTION FROM THE AUTHORITY OF ANY GOVERNMENTAL ORGANS IN THE FULFILLMENT OF ITS MONETARY POLICY OBJECTIVES (SEE ART. 107 EEC-T N.F., ART. 7 ECB-STATUTE; PARA 12 ET SEQ. BUNDESBANK LAW);

C) PROHIBITION OR LIMITATION ON FINANCING THE GOVERNMENT SEE ART. 104 EEC-T N.F., ART 21 ECB-STATUTE; PARA 20 SECTION 1 NO. 1 OF THE BUNDESBANK LAW.

D) SUFFICIENT MONETARY POLICY TOOLS TO IMPLEMENT ITS OBJECTIVES (CF. ART. 105 A EEC-T, ART. 16 ET SEQQ. ECB-STATUTE; PARA 14 ET SEQQ. BUNDESBANK LAW).

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PART III

APPENDIX

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FROM: DEUTSCHE BUNDESBANK
FRANKFURT AM MAIN
TO: BANK OF ESTONIA, TALLINN
DATE: 03/13/92
REF: R11/IIIA

WE ARE GLAD TO MAKE REFERENCE IN THIS CONNECTION TO THE REGULATIONS FOR THE FUTURE EUROPEAN CENTRAL BANK, BECAUSE THESE REGULATIONS HAVE BEEN WORKED OUT BY THE GOVERNORS OF THE CENTRAL BANKS OF THE 12 EC MEMBER COUNTRIES AND THEREFORE THEY REPRESENT A GENERALLY VALID CONSENSUS OF EXPERTS CONCERNING THE MAKE-UP OF A MODERN CENTRAL BANK.

IN PARTICULAR WE WOULD LIKE TO MAKE THE FOLLOWING COMMENT AS A SUPPLEMENT TO THE AFOREMENTIONED BASIC POINTS A) THROUGH D)

RE A):
BY MAKING THE OBJECTIVE OF GUARANTEEING PRICE STABILITY THE TOP PRIORITY OF THE EUROPEAN CENTRAL BANK, IT WAS GENERALLY ACKNOWLEDGED THAT THE STABILITY OF THE VALUE OF MONEY IS THE INDISPENSABLE BASIS FOR SUCCESSFUL FUNCTIONING OF A FREE MARKET ECONOMY. HEREIN IS EXPRESSED THE HISTORICALLY GROUNDED RECOGNITION THAT EVEN RELATIVELY MILD INFLATION IS ULTIMATELY DETRIMENTAL TO PRODUCTIVITY AND TO THE EMPLOYMENT STATUS OF THE POPULATION.

AS RELATES TO THE ESTONIAN CENTRAL BANK, THE GOAL OF STABILITY IS EXPRESSED IN NO. 8.1.3 OF THE BANK LAW AND NO. 5.4) OF THE CHARTER (IN WHICH THE CENTRAL BANK IS GIVEN AUTHORITY TO SET FOREIGN EXCHANGE RATES).

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COMPUTER TELEX - DO NOT INTERRUPT

FROM: DEUTSCHE BUNDESBANK
FRANKFURT AM MAIN
TO: BANK OF ESTONIA, TALLINN
DATE: 03/13/92
REF: R11/II

PART IV
MOREOVER, THE TASKS OF THE CENTRAL BANK ARE SET FORTH IN NOS. 7.3, 8 TO 11, AND 23 OF THE BANK LAW AND IN NO. 5.1) TO 5.3), AND 6 TO 11 OF THE CHARTER. IN OUR OPINION THE IMPORTANT TASK OF SUPERVISING THE COMMERCIAL BANKS SHOULD BE INCLUDED IN A GENERAL FORM AMONG THE "BASIC AIMS" OR "MAIN FUNCTIONS" (ART. 56 OF THE BANK LAW).

RE B)
IT IS FAIRLY OBVIOUS THAT IN ORDER FOR THE MANAGING COMMITTEES OF A CENTRAL BANK REALLY TO BE IN A POSITION TO IMPLEMENT A MONETARY POLICY STABILITY, THEY MUST -- IN THE FULFILLMENT OF THEIR MONETARY POLICY TASKS -- BE EXEMPT FROM INSTRUCTIONS FROM POLITICAL ORGANS. ONLY A CENTRAL BANK THAT IS INDEPENDENT IN THIS SENSE CAN GUARANTEE STABILITY IN THE VALUE OF MONEY THROUGH A STABLE AND CONFIDENCE-BUILDING MONETARY POLICY. EMPIRICAL STUDIES PROVE THAT NATIONS THAT HAVE HAD INDEPENDENT CENTRAL BANKS HAVE GENERALLY ALWAYS BEEN MORE SUCCESSFUL IN THE AREA OF CURRENCY STABILITY. THE CENTRAL BANK MUST BE IN A POSITION TO IMPLEMENT ITS POLICIES FOR STABILITY, WHICH IN PRINCIPLE ARE ALWAYS ORIENTED TO THE LONG TERM, EVEN IN THE FACE OF OPPOSING INTERESTS OF A POLITICAL NATURE, WHICH ARE USUALLY ORIENTED TO THE SHORT TERM. THE PRINCIPLE OF THE INDEPENDENCE OF THE CENTRAL BANK IS EXPRESSED MOST UNEQUIVOCALLY IN ART. 7 OF THE ECB STATUTE.

IN ART. 7.1 OF THE BANK LAW AND NO. 2 OF THE CHARTER THE ESTONIAN CENTRAL BANK IS CALLED AN "INDEPENDENT STATE ORGANIZATION," WITHOUT SPECIFYING THIS IN ANY MORE DETAIL. ITS RELATIONSHIP TO THE GOVERNMENT AND THE PARLIAMENT SHOULD BE SET FORTH IN A MORE CLEAR WAY. WHAT DOES "GIVE AN ACCOUNT" MEAN IN ART. 7.1 OF THE BANK LAW AND NO. 2 OF THE CHARTER? WAS DOES "COOPERATE WITH THE GOVERNMENT" MEAN IN NO. 4 OF THE CHARTER? IS THE OBLIGATION TO SUPPORT THE ECONOMIC POLICY OF THE STATE, AS PROVIDED IN ART. 8.2 OF THE BANK LAW, SUBJECT TO THE PROVISION THAT THE BANK'S OWN DUTY TO MAINTAIN STABILITY HAS PRIORITY (CF. ART. 2 OF THE ECB STATUTE, PARA. 12 SENTENCE 1 OF THE BUNDESBANK LAW)?

GIVEN THE POSSIBILITY OF CONFLICTS OF INTEREST BETWEEN THE POLITICAL SECTOR AND THE CENTRAL BANK, AND THE RESULTING NECESSITY THAT THE CENTRAL BANK BE INDEPENDENT, IT IS DISTURBING

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TO SEE THAT ACCORDING TO ART. 7.2 OF THE BANK LAW, THE FINANCE MINISTER IS AUTOMATICALLY A MEMBER OF THE BOARD AND ACCORDING TO NO. 15 OF THE CHARTER THE CHAIRMAN OF THE CENTRAL BANK IS A MEMBER OF THE GOVERNMENT. EVEN IF THE CHAIRMAN AND THE OTHER MEMBERS OF THE COUNCIL ARE APPOINTED BY PARLIAMENT (FOR ONLY FIVE YEARS), THEIR INDEPENDENCE IN THE FULFILLMENT OF THE ECONOMIC OBJECTIVES OF THE CENTRAL BANK WOULD HAVE TO BE GUARANTEED.

WHAT IS THE MEANING OF "SHALL OVERSEE THE ACTIVITIES" OF THE CENTRAL BANK (NO. 17 SECTION 2 OF THE CHARTER)? WHAT DOES IT MEAN THAT PARLIAMENT CAN PASS "DECREES" CONCERNING THE BANK'S ACTIVITIES (NO. 2 SECTION 2 OF THE CHARTER)? IS NOT TOO DIRECT AN INFLUENCE OF THE INVESTIGATION COMMITTEE OF PARLIAMENT OVER THE ACTIVITY OF THE CENTRAL BANK A THING TO BE FEARED (NO. 24, 3) OF THE CHARTER)? INVESTIGATION OF THE CENTRAL BANK SHOULD NEVER BE ALLOWED TO EXTEND TO THE MONETARY POLICY DECISIONS OR TO NECESSARY USE OF MONETARY POLICY TOOLS.
RE C):
PROBABLY THE MOST IMPORTANT REQUIREMENT FOR A POLICY OF STABILITY CONSISTS OF THE CENTRAL BANK NOT BEING RESPONSIBLE TO FINANCE THE STATE OR ITS DEBT. THE NEW EC REGULATIONS STIPULATE AN ABSOLUTE PROHIBITION AGAINST THE FINANCING OF ANY STATE BY THE CENTRAL BANK AND SCARCELY ALLOW FOR [ILLEGIBLE] REGULATIONS TO ACCOMPLISH A [ILLEGIBLE] [ILLEGIBLE].

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FROM: DEUTSCHE BUNDESBANK
FRANKFURT AM MAIN
TO: BANK OF ESTONIA, TALLINN
DATE: 03/13/92
REF: R11/5

PART V

IN CONTRAST, THE BUNDESBANK LAW (PARAGR. 20 SECTION 1 NO. 1) ALLOWS THE GERMAN BUNDESBANK TO PROVIDE THE FEDERAL GOVERNMENT AND THE STATE GOVERNMENTS [LÄNDER] WITH SO-CALLED "CASH LOANS" FOR UP TO A STIPULATED MAXIMUM DM-AMOUNT AT INTEREST. THESE ARE LOANS THAT MAY BE USED SHORT-TERM AS A BRIDGE TO ANTICIPATED GOVERNMENTAL REVENUES.

AS FAR AS YOUR CENTRAL BANK IS CONCERNED, IN THIS REGARD THE MEANING OF THE PROVISIONS OF ART. 10.1 OF THE BANK LAW AND IN NO. 8, 6) TO 8) IS NOT CLEAR. DOES NO. 25 OF THE CHARTER HAVE ANY SIGNIFICANCE IN THIS CASE?

RE D)
FINALLY, IT IS ALSO CLEAR THAT IN ORDER TO REALIZE ITS GOALS OR TO FULFILL ITS LEGAL RESPONSIBILITIES, A CENTRAL BANK MUST BE EQUIPPED WITH SUFFICIENT POLICY TOOLS. WITH REGARD TO THE ACCOMPLISHMENT OF ITS PRIMARY OBJECTIVE, NAMELY THE MAINTENANCE OF PRICE STABILITY, THE MAIN CONCERN IS TO BE ABLE TO CONTROL THE MONEY SUPPLY, PARTICULARLY BY CONTROLLING BANK LIQUIDITY. PARTICULARLY IMPORTANT IN THIS CONNECTION ARE ITS MONOPOLY ON THE PRINTING OF MONEY, ITS CREDIT AND OPEN MARKET BUSINESS AND THE RELATED ACTIVITIES, AND IN ADDITION, THE INSTITUTION OF THE RESERVE REQUIREMENT (ART. 16 TO 20 ECB STATUTE, PARA. 14 TO 22 OF THE BUNDESBANK LAW).

IN THIS REGARD THE PROVISIONS OF THE BANK LAW ALONG WITH THOSE OF THE CHARTER SHOULD PROVIDE AN ADEQUATE POLICY TOOL FRAMEWORK (PARTICULARLY ART. 8, 11, 23 OF THE BANK LAW, NO. 6 ET SEQQ., AND NO. 19 ET SEQQ. OF THE CHARTER).

4. FINALLY, ANOTHER COMMENT ON ART. 9.1. OF THE BANK LAW. THIS PROVISION APPEARS TO MEAN THAT THE CENTRAL BANK COULD LIMIT THE PRINTING OF CASH MONEY. SUCH A MEASURE IS ALIEN TO A CENTRAL BANK ORIENTED TOWARD A MARKET ECONOMY. THE CENTRAL BANK MUST ALWAYS BE READY AND ABLE TO ISSUE MONEY WITHOUT RESTRICTION IN ORDER TO COVER BALANCES OUTSTANDING ON ITS BOOKS. OTHERWISE THE SYSTEM OF CASH CURRENCY OR TRADE BY CASH PAYMENT MIGHT BE DISTURBED, AND GENERAL FAITH IN THE CENTRAL BANK AND THE MONEY ISSUED BY IT COULD BE SHAKEN.

FURTHER DETAILED QUESTIONS CANNOT BE ANSWERED IN WRITING, BUT RATHER THEY MUST BE DISCUSSED IN PERSONAL MEETINGS.

FOR THIS PURPOSE IT IS PLANNED, SUBJECT TO YOUR AGREEMENT, THAT DR. GERD EICHHORN AND DR. JUERGEN BORNHOEVD WILL COME TO TALLINN FOR A TWO-DAY VISIT, FROM THE 8TH TO THE 10TH OF APRIL. MR. GIERENSTEIN WILL BE HAPPY TO WORK OUT THE DETAILS WITH YOU.

WE ASSUME THAT MR. GIERENSTEIN LEFT YOU A COPY OF THE BUNDESBANK LAW AND THE GERMAN LAW GOVERNING THE BANKING INDUSTRY AT THE TIME OF HIS VISIT. THE PROVISIONS OF THE EUROPEAN COMMUNITY LAW CITED IN THIS COMMUNICATION WILL BE GIVEN TO YOU AT THE TIME OF THE VISIT ANNOUNCED ABOVE.

KIND REGARDS,
DEUTSCHE BUNDESBANK
WAHLIG DR. BERNHOEVD

APPENDIX

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ESTONIAN LAW ON BANKRUPTCY, 6/10/92

ENGLISH

Translation from Estonian to English

Resolution
of the Supreme Soviet of the Republic of Estonia
on the Application of the Law on Bankruptcy

The Supreme Soviet of the Republic of Estonia resolves:

1. To enact the Law on Bankruptcy of the Republic of Estonia (hereinafter: Law) as of September 1, 1992.

2. The term " legal person " shall include economic associations without the status of a legal person in the Law.

3. The place of residence of a private person shall be interpreted as the permanent or main residing place. In case it should be impossible to establish such a place , the place with which the person is in personal or economic ties shall be considered to be his place of residence. The country of the person's citizenship shall be considered to be his place of residence in case the person has more than one places of residence according to the above criteria.

4. The stipulations concerning the recovery of property (§ 42-48) shall be enacted to be retroactive.

5 The Law on Civil Lawsuits shall be applied up to the passing of Laws on Civil Justice and Execution of judgement mentioned in § 2.4 unless otherways stipulated in the Law on Bankruptcy.

6 Oblige the Estonian Bank to submit a bill on the enactment of special stipulations concerning the insolvency of banks and other credit institutions determined in § 6.3 before July 15, 1992.

7. Oblige the Estonian Government to:

1) guarantee the possibility ofpublication of announcements in connection of the Law in writing press.
2) organize the training of Bankruptcy Administrators and determine their qualification standards;
3) enact the text of the oath stipulated in § 37.
4) detrmine a tax from the carrying out of Bankruptcy Proceedings and putting into formal order of documents;

5) submit proposals as to the bringing into accordance of current Laws of the Republic of Estonia with the Law on Bankruptcy as well as a bill enacting special stipulations in cases of insolvency of insurance companies determined in § 6.3 ;
6) bring the decrees and other norm documents into accordance with the Law on Bankruptcy of the Republic of Estonia;
7) start the preparations to compile the Civil Legislation based on the draft law completed by 1940.

Signed by:

Arnold Rüütel
Chairman of the Supreme Soviet of
the Republic of Estonia

as of July 6. 1992

Translation from Estonian to English by T.Agur

Translation from Estonian to English

LAW ON BANKRUPTCY OF THE REPUBLIC OF ESTONIA

I GENERAL REGULATIONS

1 Concept of Bankruptcy

1.1 Bankruptcy in this Law shall be interpreted as the Debtor's insolvency as declared by a Court Judgement.

1.2 The Debtor shall be considered insolvent in case of unability to meet the Creditor's claims and this state cannot be considered to be temporary taking into account the Debtor's economic standing.

2 Bankruptcy Proceedings

2.1 The Creditor shall aquire the right to satisfy his claims from the Debtor's property by the Bankruptcy Procedure in the manner regulated by this Law

2.2 Bankruptcy Proceedings shall start with the submission of the Bankruptcy Declaration to the Court and end with procedures regulated in § 92.

2.3 Bankruptcy Proceedings shall be carried out in and out of Court in the manner regulated by this Law.

2.4 The Laws on Civil Procedure and Carrying out the Judgement shall be followed in Bankruptcy Proceedings unless this Law should state otherways.

3 Debtor of Bankruptcy

3.1 The Debtor of Bankruptcy (hereinafter: Debtor) is a legal or private

person declared to be insolvent by a Court of Law.

3.2 Governmental and municipal bodies cannot be declared insolvent.

4 Creditor of the Bankruptcy

4.1 The Creditor of the Bankruptcy (hereinafter: Creditor) is a legal or private person who has the right of claim against the Debtor.

4.2 In case of tax debts governmental or municipal bodies shall act as Creditors .

5 Jurisdiction

Bankruptcy matters shall belong under the jurisdiction of country or town Courts according to the place of permanent residence (private person) or location (legal person) of the Debtor.

6 Validity of the Law

6.1 This Law shall be valid to Debtors with a permanent place of residence (private persons) or location (legal persons) in the Republic of Estonia.

6.2 Similar rules shall be valid to private and legal persons unless specifically regulated otherways by this Law.

6.3 In the event of insolvency of banks, other credit institution and insurance companies this Law shall be applied only together with special regulations of other Laws.

6.4 In case of insolvency of certain Debtors special regulations can be enacted.

II DECLARATION OF BANKRUPTCY

7 Submission of Bankruptcy Declaration

The Bankruptcy Declaration can be submitted by the Debtor or the Creditor and in cases of the Debtor's demise the inheritor or the administrator of the Debtor's estate. .

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8 The Debtor's Bankruptcy Declaration and List of Debts

8.1 The Debtor shall personally add a List of his Debts to the Bankruptcy Declaration containing information about his property and Creditors.

8.2 The Debtor's obligation to submit a Bankruptcy Declaration can be enacted.

8.3 The declaration of a legal person's bankruptcy can be sought by the owner, board, administrative council, liquidation committee, or other person or body regulated by the Statutes or other normative documents.

9 The Creditor's Bankruptcy Declaration

9.1 The Creditors shall submit a Bankruptcy Declaration under the following circumstances:

1) the Debtor has wilfully caused his insolvency by criminal offences or
2) the Debtor is destroying, secreting or spending his property or takes other action that has caused him to become insolvent or
3) in case forced execution proceedings are being applied to the Debtor's property and it has been impossible to carry it out within a three months' period due to the lack of property or in case the Debtor's inability to cover all his debts becomes evident in the course of execution or
4) the Debtor has not paid his debt within ten days after the term and the creditor has notified him of his intention to file a Bankruptcy Declaration and the Debtor has failed to pay his debt within ten days after the notification or
5) the Debtor announces the Creditor, a Court of Law or the general public that he is unable or unwilling to pay his debt.

9.2 The Court can rule a bankruptcy in cases regulated by § 9.1, Subsection 1-3 and 5 regardless of the term of executing the claim passing or not.

9.3 The Creditor submitting the Bankruptcy Declaration shall present evidence as to the amount, nature, grounds and terms of payment of the debt as well as arguments about the Debtor's inability to meet the claim.

9.4 Evidence regulated in § 9.1 Subsection 3 shall not be presented in case

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the Creditor's Declaration is based upon a judgement by a Court of Law, Arbitration or Arbitration Court concerning the claim presented in the Declaration.

10 The Estate Administor's Obligation to File a Bankruptcy Declaration

The administor of a deceased person's estate shall be bound to file in a Bankruptcy Declaration in case the deceased Debtor's estate should prove inadequate to meet all his debts.

11 Limitations to Bankruptcy

11.1 Bankruptcy cannot be announced in case the Creditor's claim is guaranteed by a pledge.

11.2 In case the Creditors claim is not fully covered by a pledge bankruptcy can be announced as to the part of the claim not covered by the pledge.

11.3 The Law can apply the meaning of Bankruptcy Limitations as stipulated in this § to other guarantees of the claim.

12 Preparation of a Bankruptcy Case

12.1 After the beginning of Bankruptcy Proceedings the Court shall adjudge the determination and evaluation of the Debtor's real estate and personal property, reviewal of his debts and sets a date for the reviewal of the Bankruptcy Declaration.

12.2 The Court shall have the right for information and explanation about the economic standing of the Debtor from banks and other institutions.

12.3 The Court shall have the right to demand the Debtor's signature as to the interdiction to leave his place of residence, make a notice of interdiction in the Property Registrar, sequester property and apply other means to guarantee the suit.

12.4 The interdiction to leave the place of residence can be applied to the owner of a indebted legal person, members of the liquidation committee, board members, members of the administrative council, managing director, and (head) accountant even in case they have resigned their position up to one year before the beginning of Bankruptcy Proceedings.

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12.5 The Court has the right to announce the date and location of looking through the Bankruptcy Declaration in writing press.

12.6 The Court shall notify the owner of the indebted legal person of the submission of a Bankruptcy Declaration in case the Declaration had been filed in by another person.

12.7 The Court shall appoint a Temporary Bankruptcy Administrator (hereinafter: Temporary Administrator) to carry out the tasks resulting from this Acticle and based on § 29 of this Law.

13 Summoning Involved Parties

The Court shall summon the Debtor and the Creditor who had filed the Bankruptcy Declaration to the Court session or Court hearing where the aforementioned Declaration shall be looked through. The Court shall have the right to summon other Creditors, the Temporary Administrator, witnesses, and expert witnesses as well as other persons at its discretion.

14 Revision of the Bankruptcy Declaration

14.1 The Court shall look through the Debtor's Bankruptcy Declaration immediately or in case serious reasons for delay should arise - within 20 days.

14.2 The Court shall look through the Creditor's Bankruptcy Declaration within 20 days or within two months in case serious reasons for delay should arise.

14.3 After looking through of the Bankruptcy Declaration the Court shall pass a Judgement announcing Bankruptcy (Bankruptcy Judgement) or failing to satisfy the Declaration or ruling the ending of Bankruptcy Proceedings (§ 15) by decree.

14.4 The Court shall fail to satisfy the Declaration of Bankruptcy in case the Debtor's economic standing enables him to meet the claim.

14.5 It is possible to appeal about the passed judgement accordindg to the Law on Civil Suit.

15 Cancellation of Bankruptcy Proceedings

15.1 The Court shall close Bankruptcy Proceedings without announcing a Bankruptcy due to cancellation in the following cases:

1) The Debtor's debts are paid by the Debtor or a third person or guarantees are supplied or standing bail to meet the claim is approved by the Court after the Bankruptcy Declaration has been filed or
2) The Court finds that the Debtor's property is insufficient to cover the fee for Bankruptcy Proceedings and the possibility for obtaining means of payment is lacking (§ 42).

15.2 The Court shall announce the cancellation of Bankruptcy Proceedings according to § 15.1 Subsection 2 in writing press.

15.3 The Court shall not terminate Bankruptcy Proceedings according to § 15.1 Subsection 2 in case the Debtor, Creditor or a third person pays the appointed sum to the Court to cover Court fees for Bankruptcy Proceedings.

16 Bankruptcy Judgement

16.1 The Court shall announce a Bankruptcy if it has established the insolvency of the Debtor (§ 1.2). After the Debtor has testified as to his insolvency the Court can fail to announce Bankruptcy only on serious grounds.

16.2 The Bankruptcy Judgement shall determine the date of the first Creditors' Meeting (§ 27.1) and location and appoints the Bankruptcy Administrator (hereinafter: Administrator). Temporary Administrators or third persons can be appointed to this position.

16.3 The Court shall publish the Bankruptcy Judgement immediately in writing press and the Appendix to the "Riigi Teataja" including the name of the Court, date of passing the Judgement, information about the Debtor and the Administrator, terms of filing claims (§ 23) and the date and location of the first Creditors' Meeting.

16.4 The Bankruptcy Judgement shall be carried out immediately with the exclusion of situations specifically stipulated by this Law.

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16.5 The higher Court of Law that has disaffirmed or passed a court decision concerning a Bankruptcy shall announce its verdict in the manner stipulated in § 16.3 of this Law.

III CONSEQUENCES OF ANNOUNCING BANKRUPTCY

17 Effect of Announcing Bankruptcy

As a result of the Bankruptcy Judgement :

1) the Debtor's property shall become Bankruptcy Estate (§ 41);
2) the right to administer the use of the Debtor's property shall pass to the Administrator operating under the supervision of Creditors and the Court;
3) the Debtor's rights shall be limited in the fashion regulated by this Law;
4) other effects regulated by this Law shall follow.

18 Transactions with the Bankruptcy Estate

18.1 The Debtor shall lose his right to conclude independent transactions with the Bankruptcy Estate. The abovementioned transactions shall be carried out by the Administrator or the Debtor with the Administrator's consent.

18.2 Persons in possession of the Debtor's property shall be prohibited to carry out transactions with the aforementioned property from the date that they learned or were expected to learn of the Declaration of Bankruptcy but not its date of publication in writing press (§ 16.3).

18.3 All transactions concluded breaching the stipulations of this Law shall be declared null and void.

19 Notification in Registrars and Sequestering Property

19.1 The Court shall notify the official keepers of Registrars of the declaration of Bankruptcy to enable them to make a note of interdiction in the Registrars. In case such a note has been made previously it shall remain in force.

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19.2 The Debtor's property concerning which an interdiction note is not made in the registrar shall be sequestered immediately after declaring Bankruptcy. In case the property had been sequestered earlier it shall remain in force (§ 12).

19.3 The Court shall notify the keepers of the EnterpriseRegistrar to enable them to make a note of Bankruptcy in the Registrar.

20 Claims in Connection with Bankruptcy Proceedings

20.1 In case the unfinished Court Proceedings should contain the Debtor's suit against a third person's property that can be included in the Bankruptcy Estate, the Administrator shall have the right to replace the Debtor in Court. If the Administrator should be informed about the Suit and unwilling to replace the Debtor in court he shall have no right to file a Suit on the same grounds.

20.2 If a property suit against the Debtor should be under legal proceedings it has to be added to Bankruptcy Proceedings.

20.3 The Debtor is obliged to inform the Court and the Administrator of cases under proceeding as regulated in § 20.1.

20.4 After Bankruptcy has been declared all property claims against the debtor can be filed only within Bankruptcy Proceedings.

21 Payment Dates and Interest

21.1 The payment dates of all the Debtor's debts are considered to end at the day of Declaration of Bankruptcy unless specifically regulated otherways in this Law. Calculation of interset and fines for delay from the Debtor's debts shall be finished.

21.2 In case the claim should depend on certain conditions that can arise or not regardless of the Parties, the claim can be filed in and shall be taken into consideration if there is reason to believe that the conditions shall arise.

22 Fulfilling the Debtor's Obligtions and Rights

22.1 The Admiistrator has the right to fulfill the debtor's obligations to another person (entitled person) or desist from doing so unless the Law should regulate otherways.

22.2 The Court shall fix a date for the Administrator to inform of his intentions to fulfill the Debtor's obligations at the entitled person's request. The term for payment shall not be longer than twenty days calculated from the date the person had approached the Court.

22.3 Persons with obligations to Debtor shall continue fulfilling them after the Declaration of Bankruptcy unless the law should regulate otherways. The Administrator shall have the right to demand fulfilment of these obligations.

22.4 In case the Debtor is a lessor, the purchaser of leased property shall have no right to terminate the lease. The Administrator shall have the right to terminate the lease if the lease determines Bankruptcy as a reason for its termination.

22.5 In case the Debtor is a lessee, the lessor shall have the right to demand the termination of the lease or guarantees as to observation of the agreement during Bankruptcy Proceedings from the Administrator.

22.6 The lessor's Bankruptcy shall not provide a basis for terminating a living space lease.

23 Notification of Claims and Obligations

23.1 The Creditor shall be obliged to inform the Administrator of all his claims against the Debtor notwithstanding the grounds and terms of the claim within two months calculated from the day of publication of the announcement in writing press.

23.2 All persons shall be obliged to inform the Administrator of property belonging to the Debtor in their possession for any reason within the period stipulated in § 23.1.

23.3 Persons whose claims have been satisfied in the manner stipulated in §s 8 and 85 shall be freed of the obligation to notify as determined in § 23.1.

IV BODIES OF BANKRUPTCY PROCEEDINGS

24 Competency of the Court in Bankruptcy Proceedings

2.1 The Court in Bankruptcy Proceedings shall:

1) announce bankruptcy or fail to satisfy the Bankruptcy Declaration;
2) appoint the Administrator;
3) establish compromise;
4) settle disputes about defending the claims;
5) review claims for reclaiming property;
6) settle complaints as to the Creditor's General Meeting's decisions;
7) approve the proposal for distribution of property;
8) end Bankruptcy Proceedings;
9) carry out other tasks determined by the Law.

25 Competency of the Creditor's General Meeting

The Creditors at the Creditors' General Meeting shall:

1) nominate the administrator and elect the Bankruptcy Committee;
2) decide the Debtor's (legal person's) continuation or termination of operation
3) decide about compromise;
4) decide about the sale of Bankruptcy Estate;
5) defend the claims;
6) review complaints against the Administrator's activities;
7) settle other questions within the competence of the Creditors' General Meeting as determined by Law

26 Organization of the Creditors' General Meeting

26.1 The Creditors' General Meeting shall be summoned under circumstances regulated by the Law by the Administrator at a date fixed by the Court or by the Administrator

26.2 The Administrator shall be obliged to summon the Creditors' General Meeting within two weeks at the demand of Creditor whose claims amount at least to 20 % of the grand total of all the claims.

26.3 The Creditors' General Meeting shall be attended by all the Creditors in person or by proxy, the Judge , the Administrator, and the Debtor and persons summoned by the court or the Administrator.

26.4 The number of the Creditor's votes at the Creditors' General Meeting shall be proportional to the amount of their claim. Decisions shall be passed by a simple majority of votes of all the participating Creditors.

26.5 The Creditors' General Meeting shall be competent to pass decisions independent of the number of votes represented at the Meeting on condition that the Creditors had been informed of the time and place of the Meeting in due time.

26.6 If the Creditors have not reached an agreement as to the number of votes belonging to them before the defending of claims (§ 72) starts, the Administrator or the Creditors shall have the right to turn to the Court for a decision within 10 days calculated from the Creditors' General Meeting. The Court shall settle the dispute in five days along with the question of the General Meeting's disputed Decision's validity.

27 The First Creditors' General Meeting

27.1 The first Creditors' General Meeting shall take place no earlier than 15 and no later than one month after declaring Bankruptcy.

27.2 The Creditors shall elect a Bankruptcy Committee, nominate an Administrator, and decide the continuation or cessation of the Debtor's (legal person's) operation at the first Creditors' General Meeting.

28 The Bankruptcy Committee

28.1 The Bankruptcy Committee shall represent the Creditors' interests and supervise the Administrator's activities in Bankruptcy Proceedings.

28.2 The Bankruptcy Committee shall have the right to demand that the Administrator report about carrying out his duties, supply information about Bankruptcy Proceedings and audit the Administrator's economic activities in governing the Bankruptcy Estate.

28.3 Non - Creditors can be elected to the Bankruptcy Committee. The members of the Bankruptcy Committee shall elect a Head of the Bankruptcy Committee from among themselves Persons enumerated in § 49 as well as the judge and Administrator of the Bankruptcy Proceedings shall not belong to the Bankruptcy Committee.

28.4 The Bankruptcy Committee shall not be formed if there are less than five Creditors. The General Creditors' Meeting shall operate in its position.

28.5 The Bankruptcy Committee shall be competent in case more than one half of its members are present. The Bankruptcy Committee shall pass decisions by a simple majority of votes, the Head shall have a casting vote in case the votes go even.

29 The Administrator

29.1 The Administrator's knowledge and experience has to meet all the requirements of his position. He shall have the trust of the Court and the Creditors. A person who has previously given prior written consent can be appointed Administrator.

29.2 The Administrator cannot be a Court employee or any of the persons enumerated in § 49.

29.3 There can be more than one Administrators in Bankruptcy Proceedings The court shall fix the number of Administrators according to the nature and amount of the Bankruptcy Estate and distribute tasks between them. A single person cannot act as Bankruptcy administrator in more than three Bankruptcy Proceedings simultaneously.

30 Approval of the Administrator

30.1 The Administrator appointed by the Bankruptcy Judgement shall be approved at the Creditors' General Meeting.

30.2 The Creditors shall elect a new Administrator in case the Administrator appointed by the Bankruptcy Judgement shall not be approved.

30.3 In case the Creditors' General Meeting shall appoint a person who has not been appointed by the Bankruptcy Judgement, the Court shall decide the approval of his candidacy within 10 days or nominate a new Administrator.

30.4 The Court shall fail to approve the Administrator appointed by the Creditors in case he does not meet the standards set in § 29 or the person's candidacy has not been approved by the Creditors' General Meeting according to § 30.2.

31 Main Duties of the Administrator

31.1 The Administrator shall defend the interests of all the Creditors as well

as the Debtor and assure the rapid progerss of Bankruptcy Proceedings.

31.2 The Administrator shall govern the Bankruptcy Estate during Bankruptcy Proceedings, organize the formation of the Bankruptcy Estate and manage the meeting of Creditors' claims from it.

31.3 The Administrator shall organize the continuation (including reorganization and restructuring) and liquidation of the Debtor's operation in case the Debtor is a legal person.

31.4 The Administrator shall appear as a defendant or a plaintiff as well as a representative or party to agreement in the name of the Debtor or Creditor.

31.5 The Administrator shall be obliged to provide information to the Creditor, the Debtor and the Court under circumstances defined in the Law.

32 Assistant to the Administrator

32.1 The Court can appoint an Assistant to the Administrator at its own discreton or the Administrator's request to carry out tasks given by the Administrator.

32.2 Persons who cannot be appointed to be Administrators according to § 29.2 shall not not be appointed to be Assistants to Administrators.

33 Dismissing an Administrator

33.1 The Administrator shall be dismissed at his own request. The Administrator shall inform the Court of his wish one month ahead and submit a report as to his activities.

33.2 The Court shall dismiss the Administrator at his own request, the Bankruptcy Committee's or the Debtor's request as well as the decision of the Creditors' General Meeting in case the Administrator should be incapable to carry out his duties.

33.3 A new Administrator shall be named in case of the Administrator's dismissal according to § 30. The court shall make a decision as to the necessity to appoint a new Administrator instead of the dismissed one in case there should be more than one Administrators.

34 Appealing about the Administrator's Activities and Decisions of the Creditors' General Meeting.

34.1 The Creditor and Debtor can appeal about the Administrator's activities to the Creditors' General Meeting.

34.2 The decision of the Creditors' General Meeting failing to satisfy the complaint about the Administrator's activities can be appealed to a higher Court within 10 days.

V THE DEBTOR'S OBLIGATIONS

35 Interdiction of Enterpreneurship

The Debtor (a private person) shall not be allowed to engage in enterpreneurship during Bankruptcy Proceedings without the consent of the Court.

36 Obligation to Supply Information and Participate in the Bankruptcy Proceedings

36.1 The Debtor shall be obliged to supply information concerning his property and debts necessary in Bankruptcy Proceedings to the Administrator and the Bankruptcy Committee.

36.2 The Debtor shall have to be present at the court sessions, General Meering of the Creditors and the Bankruptcy committee, the putting under writ of attachment of property or other procedures of Bankruptcy proceedings in person in case the Court or the Administrator should oblige him to do so.

36.3 The Court or the Administrator shall decide who of the persons enumerated in § 12.4 shall take part in procedures determined in § 36.2 if the Debtor is a legal person.

37 The Debtor's Oath

37.1 The Debtor shall make all necessary amendments in the list of debts and the Bankruptcy Estate (§ 56) and take an oath in court as to the accuracy of the list.

37.2 The oath shall be given before the first Creditors' General Meeting.

37.3 The oath shall be taken by Debtors at least 15 years of age. The Debtors' guardian shall take an oath in the place of Debtors between 15 and 18 years of age if the Court should rule so.

37.4 The oath shall be taken orally. The person taking the oath shall sign the text of the oath.

38 The Debtor's Obligation to be Present

38.1 The Debtor shall not be allowed to leave the country without the Court's permission.

38.2 In case there should be reason to believe that the Debtor refrains from carrying out the obligations arising from this Law the Court can demand at its own discretion or the Administrator's suggestion that the Debtor sign an obligation not to leave his place of residence.

38.3 The interdiction determined in § 38.2 shall be in force up to the end of Bankruptcy Proceedings unless the Court should rule otherways.

38.4 In case the interdiction determined in § 38.2 had been applied before the Declaration of Bankruptcy (§ 12) the Court shall decide the termination or validity of the interdiction upon taking the decision about Bankruptcy.

39 Summoning under Compulsion and Placing under Arrest

The Court can apply compulsory summoning in case the Debtor should fail to fulfill his obligations according to §s 36.2, 37 or 38. The Debtor can be placed under arrest for up to three full days in connection with summoning the Debtor under compulsion.

40 Obligations of Amenable Persons

In case the Debtor is a legal person the court shall decide independently or following the Administrator's suggestion to whom of the persons enumerated in § 12.4 shall the contents of §s 37, 38 and 39 apply.

VI FORMATION OF THE BANKRUPTCY ESTATE

41 The Bankruptcy Estate

41.1 The Debtor's estate shall become the Bankruptcy Estate according to the Bankruptcy Judgement to be used as a special property for meeting the Creditors' claims.

41.2 The Bankruptcy Estate shall be interpreted as the property in the Debtor's ownership at the time of declaring Bankruptcy as well as reclaimed or recovered property or property to be added to the Bankruptcy Estate in other manner during Bankruptcy Proceedings.

41.3 The Debtor's excempt property shall not be considered to be a part of the Bankruptcy Estate.

42 The Concept and Terms of Recovering

42.1 Upon the process of recovering the Administrator shall demand the return of property that has left the Debtor's estate or possession and add it to the Bankruptcy Estate.

42.2 The Court shall adjudge all the transactions that caused the property to leave the Debtor's estate or possesion to be null and void according to §s 43 up to 50.

42.3 The suit of recovering can be filed within a year after the Declaration of Bankruptcy.

43 Declaring Transactions to be Null and Void

43.1 The Court shall declare the Debtor's transaction to be null and void in case :

1) the transaction had been concluded within a year before the start of the Bankruptcy Proceedings and the Debtor wilfully damaged the Creditors' interests with it or
2) the transaction had been concluded within three years before the start of Bankruptcy Proceedings if the Debtor had caused his insolvency with a criminal offence and the other party to the agreement was or was supposed to be aware of the fact or
3) the transaction had been concluded within five years before the

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start of Bankruptcy Proceedings if the Debtor had wilfully damaged the Creditors' interests and the other party to the agreement being his retinue was or was supposed to be aware of the fact.

43.2 In case the transaction (pressed for to be declared null and void) had been concluded within 10 days before the beginning of Bankruptcy proceedings it shall be assumed that the Debtor has wilfully damaged the Creditors' interests.

44 Declaring Donation Agreements to be Null and Void

44.1 The Court shall declare a Donation Agreement to be null and void independent of the Debtor's and Donee's wish to harm the Creditors in case:

1) the Agreement had been concluded one month before the beginning of Bankruptcy Proceedings or
2) the Agreement had been concluded before the term determined in § 44.1 but within the last year or in cases the Donee belongs to the Debtor's retinue - within the five last years before the beginning of Bankruptcy Proceedings if the Donee or the Debtor cannot prove that after the donation sufficient claimable funds remained to cover the debts

44.2 The Court can nullify a purchase, exchange or other deal according to § 44.1 in case the inequality of the parties' obligations show that the deal had been totally or partially a donation by nature.

44.3 Subsidies and ordinary presents suitable to the economic standing of the Debtor shall not be reclaimed.

45 Reclaiming of Paid Debts

The Court can reclaim a paid debt if the payment has been made

1) within three months before the beginning of Bankruptcy Proceedings in case the payment had been made with unusual means or ahead of schedule or in an amount that had substantially worsened the Debtor's economic standing and cannot be considered to be a regular payment of debt or
2) within two years before the beginning of Bankruptcy Proceedings if made to the Debtor's retinue and the Debtor or the retinue are

unable to prove to the Debtor's solvency at the time of payment or the fact that the payment had not caused the Debtor's insolvency.

46 Reclaiming of Wages or Fees

The Court shall have the right to reclaim wages or fees that the Debtor had paid without proper grounds

1) within the last six months before the beginning of Bankruptcy Proceedings or
2) before the term mentioned in § 46.1) but still within the last year or in within the last two years case the person paid belong to the Debtor's retinue if the recipent of the payment or the Debtor are unable to prove that after payment sufficient claimable funds had remained to cover the debts .

47 Declaring the distribution of Property to be Null and Void

The Court shall declare a respective part of a distribution of property between the Debtor's spouse or other collective owner to be null and void in case the Debtor had given up a substantial share in the collective estate and the distribution of property had taken place within the three last years before the beginning of Bankruptcy Proceedings and the collective owners or the Debtor shall be unable to prove that after the distribution sufficient claimable funds remained in the Debtor's estate to cover the debts.

48 Declaring a Pledge Agreement to be Null and Void

The Court shall declare a pledge agreement to be null an dvoid in case the agreement had not been concluded immediately after the arising of the debt and the pledge had been taken

1) within the last three months before the beginning of Bankruptcy Proceedings or
2) to the Debtor's retinue before the term mentioned in § 48.1) but still within the two last years before the beginning of Bankruptcy Proceedings if the Debtor or his retinue shall be unable to prove that the Debtor had not been insolvent or did not become insolvent as a result of the pledge.

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49 The Debtor's Retinue

49.1 The retinue of a Debtor as a private person are his spouse, relatives in direct ascending and descending lines, sister, brother and their relatives of descending lines, relations through marriage in direct ascending and descending lines , brothers and sisters of the spouse as well as the actual spouse.

49.2 The retinue of the Debtor as a legal person shall be

1) the owner of the legal person (including a partner or a shareholder) and its affiliates as well as any person with a substantial common economic interest with the Debtor that can be interpreted to be equal to a partner's interest;
2) other persons enumerated in § 12.4;
3) retinue of the persons enumerated in the Subsections 1 and 2 of § 49.2 according to § 49.1.

49.3 In case of dealing with the retinue of the Debtor it shall be presumed that the person belonging to the retinue had been aware of the fact that the Debtor had wilfully harmed the Creditors' interests with a transaction.

50 Order of Reclamation

The Administrator shall have the right to demand reclamation by

1) filing a claim to Court (§ 42.3) or
2) protesting a claim submitted at the defence of claims or application for a prerogative or
3) protesting a claim submitted during Bankruptcy Proceedings.

51 Separation of Property

51.1 In case the return of property is demanded from a third person who had aquired it from the Debtor, the third person shall have the right to demand the return of the abovementioned property or its equivalent in money from the Debtor if it has not been established that the third person had been aware or was supposed to be aware that the transaction had harmed the Creditors' interests. The returned property shall be severed from the Bankruptcy Estate

51.2 In case the the property mentioned in § 51.1 should exist the Court can

replace the obligation to return the property with the obligation to compensate its value.

51.3 The third person can file a claim for separation of property to the Administrator within a month after the date that the judgement became effective or the date that the third person handed over the property to be reclaimed without a Court judgement.

52 Reclaiming the Debtor's Property and distribution of Common Property

52.1 The Administrator shall reclaim the Debtor's property in possession of third persons unless otherways determined by Law. In case the property should be in the common ownership of the Debtor and other persons the Debtor shall reclaim his share of the common property.

52.2 The Administrator shall file a claim for the reclamation of property mentioned in § 52.1 or the distribution of common property within two months calculated from the publishing of the Bankruptcy Declaration in writing press.

52.3 The Debtor shall have the right to participate as a third person. In case the Administrator has failed to submit an application during the time determined in § 52.2 the Debtor shall have the right to do so independently informing the Administrator, who in that case shall have the right to participate as a third person. If the Administrator shall not take this opportunity he shall lose the right to protest the decision of dividing the common property.

53 Exclusion of Property from the Bankruptcy Estate

53.1 Property belonging to other persons in the Debtor's possession shall be returned to the owner in case of exclusion of property from the Bankruptcy Estate. The Administrator shall guarantee the safekeeping of the property until its return.

53.2 The exclusion of property shall be carried out at the owner's request. A suit can be filed to Court in case of the Administrator's refusal. The request for exclusion of property shall be submitted to the Administrator within two months after the publication of the Bankruptcy Declaration. The suit shall be filed to Court within one month after the Administrator's refusal to fulfill the

request or during one month if the Administrator has failed to respond to it.

53.3 In case the Administrator shall have sold the property determined in Section 1 of this §, the person entitled to the property has the right to a respective amount of money from the Bankruptcy Estate or demand the return of the property from its purchaser in case there is sufficient reason to believe that the purchaser had been aware that the Debtor had not been the rightful owner of the property in question.

53.4 In case the Debtor shall have sold the property determined in § 53.1 before the declaration of his insolvency, the person entitled to demand the exclusion of property has the right, in addition to the rights determined in the previous Section, to

1) request the transfer of money to himself unless the purchaser of the property has not yet made the payment or
2) request compensation from the Bankruptcy Estate in case the payment had been made after the Declaration of Bankruptcy or
3) demand to participate in Bankruptcy Proceedings on general grounds if the payment had been made to the Debtor before the Declaration of Bankruptcy.

53.5 If the person entitled to demand the exclusion of property shall demand the return of property from the purchaser in cases determined in § 53.3 he shall file a claim within one month after he learned or was supposed to learn of the expropriation.

54 Handing Over Sequesterd Property

54.1 Property sequestered up to the publication date of the Bankruptcy Declaration that has not yet been handed over as well as property sequestered upon publication of the Bankruptcy Declaration shall be handed over to the Administrator and considered to be a part of the Bankruptcy Estate.

54.2 The principles determined in the previous Section shall not hold true in case a judgement has been passed as to the claim warranted by a pledge.

VII ADMINISTRATION OF THE BANKRUPTCY ESTATE

55 Concept of Administration of the Bankruptcy Estate

55.1 The administration of the Bankruptcy Estate shall lie in the Administrator's activities protecting the Bankruptcy Estate and managing the Debtor's economic activities.

55.2 The administration of a Debtor as a legal person shall pass to the Administrator by the Bankruptcy Judgement.

55.3 The Administrator, while managing the Debtor's economic affairs shall have the right to conclude agreements and borrow only with the consent of the Creditors' Genaral Meeting.

56 Registrar of Property and Debts

56.1 After the Declaration of Bankruptcy the Administrator shall compile a list of the Debtor's property and debts marking the value of property and debts according to their nature. The Registrar shall contain the names and addresses of all the Creditors an places of location or residence

56.2 The Administrator shall hand in the Registrar to the Court as soon as possible, at least 10 days prior to the Creditors' General Meeting.

56.3 A new Registrar shall not be compiled in case the Debtor has handed the Court a Registrar and the Administrator certifies its accuracy

57 Reorganization and Liquidation of a Debtor as a Legal Person

57.1 After the Declaration of Bankruptcy the Administrator shall compile a plan of continuation of the Debtor's operation(reorganization or making structural changes) or its liquidation.

57.2 The Administrator shall submit the aforementioned plan to the first Creditors' General Meeting for approval. The Creditors' General Meeting shall approve or make a different decision as to the continuation or cessation of the Debtor's operation.

57.3 The Administrator shall have no right to start liquidation proceedings of the legal person prior to the Creditors' General Meeting decision or

continue the liquidation process that started before the beginning of Bankruptcy Proceedings. The Administrator shall have the right to start reorganizing or making structural changes immediately after the Declaration of Bankruptcy.

57.4 The legal person shall be liquidated at least by the end of Bankruptcy Proceedings. The legal person shall not be liquidated in case Bankruptcy Proceedings should be terminated due to a compromise or according to § 15.1. Subsection 1 or the Debtor's payment of his debts or his supplying guarantees after the Declaration of Bankruptcy or in case sufficient means should remain after fulfilling all claims to continue operation.

57.5 The legal person shall be liquidated according to the Court enactment determined in § 15.1 Subsection 1. The liquidation process shall be concluded at least within three months after the enactment came to force.

57.6 The legal person shall be liquidated under the Administrator's supervision according to the manner determined in norm documents.

58 Termination of Labor Contracts and Defence of the Employees' Rights

58.1 In the event of the employer's Bankruptcy the Administrator shall continue to observe the labor contract or terminate it in a manner determined by Law.

58.2 The State shall compensate the employees for their wages that were not received before the Declaration of Bankruptcy but within an amount not exceeding the average wages of two consecutive months.

58.3 The payer of compensation shall act as a Creditor in Bankruptcy Proceedings in case the state shall compensate the employees upon the termination of the Labour contract or according to § 58.1.

59 The Administrator's Report Concerning the Bankruptcy Estate

59.1 The Administrator shall submit a Report concerning the Bankruptcy Estate containing

1) the reason of insolvency and the time of its occurrence;
2) information about the possibilities and terms of reclaiming property
3) the Debtor's claims against the Creditors ;

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4) the balance sheet of a legal person, information about the continuation of legal operation,
5) information about reporting a criminal offence in connection of the Bankruptcy;
6) other matters of relevancy concerning Bankruptcy Proceedings.

59.2 The Administrator shall submit the Report as soon as possible but no later than within three months after the Declaration of Bankruptcy to the Court, the Bankruptcy Committee and to each Creditor who had expressed a wish to aquaint himself with its contents. The Court can prolong the term of submission of the Report on serious grounds. The last annual balance sheet shall be added to the Report in case the Debtor is under accounting obligation

60 Criminal Offences Concerning Bankruptcy and Reporting Them

60.1 Bankruptcy offences shall be interpreted as actions determined in §s 148.2 and 148.3 of the Penal Code.

60.1 The Administrator shall be obliged to inform the Public Prosecutor of his doubts or evidence about a criminal offence concerning Bankruptcy or any other economic crime.

61 Holding Money

61.1 The funds received during the administration of the Bankruptcy Estate shall be transferred to a special bank account. An appropriate amount of money for the payment of current expenses can be left undeposited.

62 The Administrator's Accounting Obligation

The Administrator shall hold account of income to and expenses from the Bankruptcy Estate.

63 Payment of Allowance

The Court shall adjudge a necessary allowance to be paid to the Debtor and his dependants during two months at the Debtor's request in case the Debtor should be left without livelihood during Bankruptcy Proceedings. The Court may prolong the period of payment on serious grounds.

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VIII CLAIMS IN BANKRUPTCY PROCEEDINGS

64 Ground for Claims

64.1 The Creditor can submit a claim during Bankruptcy Proceedings that has arisen before the Declaration of Bankruptcy according to § 21.

64.2 Claims arising after the Declaration of Bankruptcy resulting from the Administrator's transactions with the Bankruptcy Estate shall not have to be submitted within the period stipulated in § 23 and defended according to the procedure stipulated in § 72. Such claims shall be satisfied according to § 85.

65 Claims in the Bankruptcy of a Jointly Responsible Debtor

65.1 In case of the Debtor sharing a joint responsibility to the Creditor with another person, the Creditor shall have the right to submit an integral or a partial claim against the Debtor subtracting the part already paid by the jointly responsible person.

66 Claims in the Bankruptcy of a General Partnership and its Partners

66.1 In the event of Bankruptcy of a general partnership the Creditors shall be the Creditors of the general partnership as a whole and not the parters' Creditors. In case the general partnership's property should prove to be insufficient for covering the debts the Creditors shall have the right to submit separate claims against the partners. In case the partners should be unable to pay, a claim requesting the Declaration of the partners Bankruptcy can be submitted in addition to the general partnership's Bankruptcy Declaration.

66.2 Upon declaration of a general partner's Bankruptcy his share in the Partnership's property can be claimed.

66.3 The principles stipulated in Sections 1 and 2 of this § shall hold true to limited partnerships and its partners as well as other enterprises in which the partners are fully liable for the enterprise's obligations.

67 Claims after Reaching Compromise

In case the Debtor had reached compromise with the Creditors (Chapter XIII) and had been be declared insolvent again before carrying out the Compromise, the Creditor, whose claim was diminished by the compromise

shall have the right to claim within the primary amount, subtracting the amount already covered by the Debtor.

68 Equalization of Claims

68.1 The Creditor shall have the right to equalize his claims against the Debtor with the Debtor's claims against himself before the Declaration of Bankruptcy in case equalization should not be prohibited by Law.

68.2 In case the claim should depend on a condition the Creditor shall fulfill the condition. The sum calculated to the Creditor during the compilation of a proposal for distribution shall be deposited if there should be reason to believe that the condition shall be fulfilled later on.

68.3 The equalization of claims the term of which has not ended or the postponing condition has not been fulfilled yet can be equalized in Bankruptcy Proceedings.

68.2 A claim against the Debtor obtained by assignment within three months before the beginning of Bankruptcy Proceedings shall not be equalized with the Debtor's claims arisen before the assignment of the claim. This principle shall be followed in case the claim had been assigned earlier but still within the last three years before the beginning of Bankruptcy Proceedings if the Debtor had been insolvent at that time.

69 Submitting Claims

66.1 An application for a claim shall be submitted to the Administrator in writing at the date stipulated in § 23. The application for a claim shall contain the contents, grouds and size of the claim as well as documented evidence. A separate note shall have to be made and sufficient reason to be given in case a prerogative for satisfaction of the claim should be applied for.

66.2 The application for a claim shall be signed by the Creditor or his proxy.

66.3 The Administrator shall give no less than 10 days to mend all the shortcomings in case the application had not been made out properly, documents were missing or the copies were not properly proven. The submission date of the aforementioned application shall be the date of primary application. In case the shortcomings shall not be mended the Creditors' General meeting shall have the right to consider the application

not to be handed in.

66.4 The General Meeting shall have the right to consider the reason for failing to submit the application to be sufficient and restore the date of submitting the claim.

69.5 In case the claim had been submitted after the date stipulated in § 23 but before the Meeting for Defending the Claims and its date of submission had not been restored, the claim shall be taken into consideration but shall be satisfied only after the claims that had been submitted in proper time have been satisfied.

69.6 The resolution of the Creditor's General Meeting ruling the application of a claim not to be submitted or failing to restore the date of submission can be appealed to Court.

70 The Meeting for Defending the Claims

70.1 The Court shall decide the necessity to defend the claims at the Creditors' General Meeting (The Meeting for Defending the Claims) at the Administrator's suggestion in case it becomes evident that the claims cannot be satisfied from the Bankruptcy Estate without prerogative. The decision about the need to defend the claims shall be taken within 15 days after the passing of the date stipulated in § 23.

70.2 The Administrator shall fix a time and place for defending the claims in case a decision about the defence of claims should be passed. The Meeting shall be held not earlier than one month and no later than two months after after the passing of the date stipulated in § 23. The Court can prolong the date on serious grounds.

70.3 The Administrator shall announce the Meeting for Defending the Claims in writing press at least 15 days ahead incuding the location where the claims and objections can be studied.

70.4 The Debtor shall be obliged to take part in the Meeting for Defending the Claims. The Meeting shall decide the possibility of defending the claims in the event of the Debtor's absence. The absence of the Creditor submitting a claim shall not prevent the looking through of his claim.

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71 Submitting Objections Befort the Meeting for Defending the Claims

71.1 The Administrator shall look through the submitted claims and hand in his objections in writing to the Creditors and Debtor for studying within seven days before the date of the Meeting for Defending the Claims.

71.2 The Creditor submitting a claim and the Debtor can hand in their written objections to the Administrator at the same time.

71.3 After the looking over of claims at the Meeting for Defending the Claims objections against this claim shall not be taken into account.

72 Defending the Claims

72.1 The claims shall be looked over at the Meeting for Defending the Claims in the order of their submission. The Meeting shall pass a decisionas to the degree of their acknowledgement and satisfaction.

72.2 A note shall be made in the Minutes of the Meeting for Defending the Claims as to the looking over of each claim. A list of acknowledged claims shall be compiled. The degree of acknowledgement and satisfaction of each claim shall be marked in the list. The list shall be signed by the Head of the Bankruptcy Committee and all the present Creditors.

72.3 The claim shall be considered acknowledged in case there should be no objections from the Administrator or the Creditors as well as in the event of Compromise between the Creditor and the objector and the acknowledgement of these claims shall be approved by the Meeting.

72.4 A claim based on an executed judgement of a Court or an Arbitration Court shall be considered to be acknowledged without defence by the Meeting for Defending the Claims

72.5 Several Meetings for Defending the Claims can be carried out if necessary, the last Meeting taking place within 20 days after the first Meeting

72.6 The decision about acknowledgement shall be final and cannot be appealed. In case it shall be proven that the acknowledgement of the claim had been made basing on false evidence, the Meeting for Defending the Claims can look through the matter within the period stipulated in§ 72.5.

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After the end of the term the Court shall decide the acknowledgement of the claim at the Administrator's, Creditor's or the Debtor's request.

73 The Absence of Legal Basis for a Prerogative Claim

A prerogative to the distribution of the Bankruptcy Estate shall not be taken into consideration even if no objections had been filed to it and the Meeting for Defending the Claims had acknowledged it in case it should become evident that the legal basis for the prerogative of a claim had been absent.

74 Protests Concerning the Acknowledgement of Claims

74.1 In case the claim had not been acknowledged at the Meeting for Defending the Claims the Court shall decide the matter at the Creditor's request as a Proceeding of Claims.

74.2 The solving of a protest can be postponed in case a proposal for Compromise has been handed in and the reaching of Compromise has been decided.

74.3 The Court judgement concerning the acknowledgement of the claim can be appealed within 10 days.

IX SALE OF THE BANKRUPTCY ESTATE

75 General Principles of Sale of Property

75.1 The sale of the property can be started after the first General Meeting of the Creditors (§ 27) in case this Law does not stipulate otherways.

75.2 The sale of the Bankruptcy Estate can not be started without the Debtor's consent in case the Debtor has appealed about the Declaration of Bankruptcy before the appeal has not been looked through.

75.3 The limitations determined in Sections 1 and 2 shall not be applied to the sale of perishable goods and property with rapidly declining value or the keeping of which is costly as well as to the sale other property within the extent necessary to cover the expenses of Bankruptcy Proceedings.

75.4 The property shall not be sold if the operation of a Debtor as a legal person shall be continued and the sale shall impede it.

76 The Sale of Property in Case of Compromise

76.1 In case the Debtor had suggested Compromise the property shall not be sold before the decision about Compromise has been reached.

76.2 The contents of § 76.1 shall not be applied in case the Debtor's suggestion of Compromise corresponded to the sale of property or had been caused by circumstances determined in § 75.3.

77 The Sale of Property in Case of a Prerogative Claim

The property shall be sold at the pledger's demand on condition that his prerogative had not been protestd.

78 Order of Sale of the Property

78.1 The Administrator shall auction the Bankruptcy Estate or sell it in another manner at his discretion to assure maximum profitability.

78.2 The Creditors' General Meetindg shall have the right to give directions to the Administrator as to the organization of the sale in a possibly profitable manner.

78.3 The Creditor with a prerogative shall have the right to sell the property personally with the Administrator's consent The Creditor shall give the Administrator an opportunity to purchase the pledge. The Creditor selling property shall submit a report to the Administrator as to the gains from the sale.

79 Organizing an Auction

79.1 The auctioning of the Bankruptcy Estate shall be carried out by the order of bidding as regulated by Law.

79.2 The Administrator shall inform the Creditors with a prerogative claim about the auction.

80 Sale of the Debtor's Claims

80.1 The Administrator shall have the right to sell the Debtor's claims similar to any other personal estate if the claims cannot be satisfied within Bankruptcy Proceedings.

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80.2 Declaration of Bankruptcy shall have no effect upon the dates or terms of the Debtor's claims.

X DISTRIBUTION OF THE BANKRUPTCY ESTATE

81 Proposal for Distribution and Administration Report

81.1 After the defence of the claims the Administrator shall compile a proposal for distribution including

1) a list of claims with the results of their defence;
2) the share distributed to each Creditor;
3) information about money cashed in from the sale of the Bankruptcy Estate and in other manner as well as property yet unsold and payable debts and propery from other persons.

81.2 The Administrator's Administration Report shall be added to the Distribution Proposal including

1) the manner of receiving cash;
2) the purpose of the property not to be distributed (the remainder);
3) information about receive dproperty with a prerogative claim;
4) information about payments (§ 83.1);
5) report of the costs of Bankruptcy Proceedings.

81.3 The Administrator shall submit the Distribution Proposal together with the AdministrationReport to the Bankruptcy Committee and Court within 10 days after the last Meeting for Defending Claims.

81.4 The Administrator shall publish an announcement as to the time and location where the Distribution Proposal can be studied and arguments submitted to it. The period for submission of protests shall not be shorter than 10 days and longer than one month after the publication of the announcement.

81.5 The Court shall approve the Distribution Proposal within 10 days after the end of the term for submitting protests.

81.6 The Court shall not approve the Distribution Proposal and return it to the Administrator with a motivated enactment in case the proposal breaches

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85 Payments in Connection with Bankruptcy Proceedings

85.1 Payments in Connection with Bankruptcy Proceedings shall be interpreted as

1) debts arising during Bankruptcy Proceedings as a result of the Administrator's activities, debts arising from transaction carried out by the Administrator on the Debtor's behalf as well as payments resulting from the Debtor's (legal person's) continuing operation;
2) costs of Bankruptcy Proceedings (§ 98).

85.2 in case the distributed property should not be sufficient to cover all the expenses stipulated in § 85.1 they shall be paid in the order determined in the same Section.

86 Order of Claim Satisfaction

86.1 Claims shall be satisfied according to the determined distributions in the following groups:

1) prerogative claims (§ 84);
2) wages and other similar income (pension, fee, fee for legal advice), alimony, compensation for damage resulting from injury or other damage to health as well as the event of the supporter's demise;
3) taxes and social payments;
4) all other acknowledged claims.

86.2 The claims of a next group shall be satisfied after the satisfaction of the claims of the previous group.

86.3 The claims shall be satisfied in proportion of the size of the claims in case the property should not be sufficient to satisfy all the claims within one group.

87 Satisfaction of Claims Submitted Behind of Schedule

Defended claims submitted behind of schedule (§ 69.5) shall be satisfied from the property left over from the satisfaction of other claims.

the rights of the Creditors or the Debtor.

81.7 The court shall fail to take into account protests about the Distribution Proposal submitted after the end of the term.

82 The Concept of Distribution and its Application

82.1 Distribution shall be interpreted as an acknowledged claim or a part of it to be satisfied.

82.2 Distributions determined in the Distribution Proposal shall be paid in the order of satisfaction of the claims.

83 Payments from the Bankruptcy Estate

83.1 Before the distribution of the property according to the Distribution Decision the claims for separation (§ 51) and exclusion (§53) of property shall be satisfied and allowances to the Debtor and his dependants shall be paid (§ 63).

83.2 After satisfying the claims stipulated in the previous Section, payments resulting from Bankruptcy Proceedings shall be made and after that the Creditors' claims shall be satisfired according to the order of satisfaction of calims as stipulated in § 86.

84 Prerogative Claim

84.1 The prerogative claim shall be a claim guaranteed by a pledge .

84.2 The creditors with a claim guaranteed by a pledge shall have the right for satisfaction of the claim to the extent covered by the pledge even in case he had not submitted his claim in a proper manner.

84.3 The pledge right can remain in force upon the sale of property.

84.4 Other prerogative claims can be stipulated by Law in the meaning determined in this Article.

88 Payment of Distributions

88.1 After the payment determined in § 83 and 85 the Administrator shall organize the payment of distributions to the Creditors (§86).

88.2 Protested claims shall be satisfied after the coming into force of the judgement acknowledging the claim.

88.3 Payments shall be made in groups proportional to the size of the distributions (§86) respective to the amount of money cashing in.

88.4 In case of a protest to Court the claim shall be considered to be equal to the claims determined in § 86.1.4) until the the judgement shall come into force.

88.5 Money paid to the Creditors for protested claims shall be deposited in the bank and become payable only after the judgement have come into force. In case the claims shall not be satisfied the money shall be paid in the course of follow-up distribution (§ 89).

89 Follow-up Distribution

Money additionally received after the approval of the distribution proposal shall be distributed according to § 83,85 through 88 and 91 , increasing the size of distributions if necessary.

90 Losing the Right for Distribution

90.1 The Creditor shall lose his right for distribution in case it had been impossible to make the payment to him at his own fault within two years

90.2 Money not paid due to reasons stipulated in § 90.1 shall be paid by follow-up distribution.

91 Property to be Returned to the Debtor

The property remaining after a full satisfaction of the claims shall be returned to the Debtor.

XI END OF BANKRUPTCY PROCEEDINGS

92 Grounds for Ending Bankruptcy Proceedings

Bankruptcy Proceedings shall end with

1) failing to satisfy the Declaration of Bankruptcy;
2) cancellation of Bankruptcy Proceedings;
3) termination of Bankruptcy Proceedings as stipulated in § 93;
4) approval of the Distribution Proposal;
5) full satisfaction of claims before the approval of the Distribution Proposal,
6) Compromise (Chapter XIII).

93 Ending Bankruptcy Proceedings After Declaring Bankruptcy

93.1 The Court shall end Bankruptcy Proceedings at the Administrator's proposal if the Bankruptcy Estate should not be sufficient to carry out all the payments stipulated in § 85.

93.2 The Court shall end Bankruptcy Proceedings at the grounds stipulated in § 93.1 before the Debtor has taken an oath as determined in § 37.

93.3 Bankruptcy Proceedings can be ended without taking an oath in case it had been impossible to take an oath and there would be reason to believe that the Debtor's property was not sufficient to make the payments stipulated in § 85.

93.4 The Court shall end Bankruptcy Proceedings at the Debtor's request in case the Debtor or a third person had paid the Debtor's debts or given a pledge as well as in the event the Court had approved standing bail for the satisfaction of claims.

94 End of Bankruptcy Proceedings in Connectionof the Approval of the Distribution Proposal

Bankruptcy Proceedings shall be ended in case the Court had approved the Distribution Proposal regardless if the fact that money would or would not be received later on.

95 Submitting Claims after the End of Bankruptcy Proceedings

95.1 The Creditors shall not be able to file claims arisen before Bankruptcy Proceedings and not submitted or approved after the end of Bankruptcy Proceedings in case the Court had not restored the date for submitting claims.

95.2 Claims arisen during Bankruptcy Proceedings as well as restored claims mentioned in the previous Section can be filed as a Suit. The term for the expiring of the Suit shall be calculated from the date of the end of Bankruptcy Proceedings.

95.3 Partially satisfied claims acknowledged during Bankruptcy Proceedings shall be fulfilled until their full satisfaction within 10 years after the end of Bankruptcy Proceedings according to the Distribution Proposal approved by Court (§81) The Court shall have the right to prolong this term upon serious grounds at the Creditor's proposal.

96 Dismissal of the Administrator and His Duties After the End of Bankruptcy Proceedings

96.1 The Court shall free the Administrator from his duties after the end of Bankruptcy Proceedings if there should be no reason to believe that additional property would be received after the end of Bankruptcy Proceedings.

96.1 The Administrator shall continue his activities selling and distributing property at the Court's order if case property shall continue to be received after the end of Bankruptcy Proceedings.

96.3 The Administrator shall submit a Report according to § 97.1 to the Court in case property shall be received to the Bankruptcy Estate after the end of Bankruptcy Proceedings . If no property shall be expected to be received the Administrator shall inform the Court who shall free him from his duties.

97 The Administrator's Report as to the Bankruptcy Proceedings

97.1 In case the Bankruptcy Proceedings shall not be ended within one year after the Declaration of Bankruptcy the Administrator shall submit a report to the Bankruptcy Committee and Court, including

1) the course of the Administrator's actions to end the Bankruptcy

Proceedings;
2) gains and losses from the Bankruptcy Estate;
3) information about economic activities.

97.2 The Administrator shall continue to submit the Report mentioned in the previous section up to the end of Bankruptcy Proceedings.

XII THE COST OF BANKRUPTCY PROCEEDINDS, COMPENSATION OF LOSSES; FINES

98 The Costs of Bankruptcy Proceedings

98.1 The costs of Bankruptcy Proceedings shall be:

1) the Administrator's fee;
2) the costs of Court Proceedings in the Bankruptcy Suit;
3) cost of legal advice and other expenses of the Bankruptcy Proceedings.

98.2 Payments shall be made in the order determined in the previous Section in case there should be insufficient funds to cover all the expenses enumerated in the above Section.

99. The Administrator's Fee

The Court shall grant the Administrator a fee at the approval of a the Proposal for Distribution after considering the Debtor's and the Creditors' opinions. The fee shall be no less than one per cent of the money received from the sale of the Bankruptcy Estate. The Court shall have the right to grant a preliminary fee to the Administrator to be equalized at the end of Bankruptcy Proceedings. The Court shall grant an additional fee to the Administrator for carrying out his duties at the end of Bankruptcy Proceedings.

100 Compensation of Losses

100.1 The Administrator shall compensate losses of property culpably caused to the Debtor or the Creditor.

100.2 Losses caused by several Administrators shall be compensated jointly unless otherways resulted from the division of their tasks .

100.3 In case the Creditor's Declaration of Bankruptcy should not be satisfied he shall cover cost of the proceedings. The Creditor shall compensate the losses risen from Court proceedings to the Debtor in case he had knowingly submitted a false declaration.

100.4 The Debtor shall cover the cost of Bankruptcy Proceedings from the Bankruptcy Estate in case the Bankruptcy Declaration shall be satisfied or the Bankruptcy Proceedings shall be ended in Compromise

101 Fines

101.1 The Court can order a fine to the Debtor for failing to fulfill obligations stipulated in §s 36, 37, 38 and breaching interdiction stipulated in § 35.

101.2 The Court shall order a fine to the Creditor in case he had taken action within the Bankruptcy Proceedings knowingly harming the interests of other Creditors or the Debtor as well as for failing to hand in the report stipulated in § 78.3.

XIII COMPROMISE

102 The Concept of Compromise

102.1 Compromise shall be interpreted as an agreement between the Debtor and Creditors without prerogative rights as to the payment of debts decreasing debts or prolonging the term of payment.

102.2 Compromise shall be made at the Debtor's proposal during Bankruptcy Proceedings before or after the Declaration of Bankruptcy.

102.3 The decision about Compromise shall be passed at the General Meeting of Creditors Without Prerogative Rights (hereinafter: Creditors' General Meeting) and approved by the Court thus ending the Bankruptcy Proceedings.

103 Proposal for Compromise

103 The Debtor shall determine the extent and term of his payment of Debts in the Compromise Proposal. The Debtor shall provide evidence as to his ability to meet the claims. The Debtor as a legal person shall submit a plan

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for continuation of economic activities or the plan for reorganization of a legal person.

103.2 The Debtor shall add a report approved by the Administrator including information about the Debtor's property and debts as well as the balance sheet of a legal person. to the Compromise Proposal submitted before declaring Bankruptcy.

104 Reaching Compromise

104.1 Compromise can be made as to claims without prerogatives existing at the time of making a suggestion for Compromise

104.2 Compromise shall be reached in case

1) the Debtor proposes to pay at least one half of the total of claims without prerogative rights and at least 2/3 of the Creditors present, whose claims amount to at least 3/4 of the grand total of all the claims without prerogatives, had voted for the proposal.
2) or the Debtor proposes to pay less than one half of the total of claims without prerogative rights and at least 3/4 of the Creditors present, whose claims amount to at least 3/4 of the grand total of all the claims without prerogatives, had voted for the proposal.

104.3 Compromise shall be valid to all the Creditors without prerogatives regardless of his taking a vote or not.

107 Looking through the Compromise Propopsal after the Declaration of Bankruptcy

107.1 A Compromise Proposal submitted after the Declaration of Bankruptcy shall be looked through after defending the claims if it should take place.

107.2 The Administrator shall summon the Creditors' General Meeting within 15 days after the last Meeting for Defending the Claims.

107.3 In case the defending of claims shall not take place the Administrator shall summon the Creditors' General Meeting within seven days after the Debtor had given his oath.

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108 Approval of Compromise

108.1 The Court shall pass a decision approving Compromise within two weeks after the submission of the resolution of the Creditors' General Meeting (§104) to the Court.

108.2 The court shall fail to approve the Compromise in case

1) the stipulations of this Law have not been taken into consideration in the process of reaching Compromise or
2) the Debtor had favoured a Creditor in the process of reaching Compromise or Compromise had been reached on false grounds.

108.3 The Administrator shall summon a new Creditors' General Meeting within 15 days in case Compromise should not be approved according to § 108.2.1),

109 Consequences of Compromise

109.1 The Debtor shall regain the right to administrate his property, the sale of property shall be ended the Bankruptcy Estate shall be returned to the Debtor and the distribution of property shall not take place according to a Court judgement approving Compromise.

109.2 Claims concerning which Compromise holds shall not be presented during the term of validity of Compromise (§ 111).

110 Announcing Compromise

The Administrator shall announce the approval of Compromise in writing press.

111 The Term of Validity of Compromise

111.1 The Creditors' General Meeting shall set a term of validity for Compromise at the Debtor's proposal.

111.2 The Court shall not declare the Debtor's Bankruptcy during the term of Compromise.

112 Recovering of Property During Compromise

Recovering of property during Compromise can be carried out in the manner stipulated in this Law.

113 The Debtor's Oath During Compromise

The Court shall have the right to demand that the Debtor take an oath before making Compromise at the proposal of the Creditors' General Meeting in case the compromise proposal had been submitted before the Declaration of Bankruptcy.

114 Supervision over Carrying out Compromise

114.1 The Administrator shall supervise the carrying out of Compromise.

114.2 The Court shall appoint appoint an Administrator proposed by the Creditors' General Meeting (meeting the standards set in § 29) together with approving Compromise in case the compromise had been reached before the Declaration of Bankruptcy.

115 Disaffirming Compromise

115.1 The Court shall disaffirm its judgement of Compromis at the Creditors' proposal in case

1) the Debtor had committed a Bankruptcy offence or
2) the Debtor had failed to carry out his Compromise obligations or
3) at least one half of the Compromise term had passed and the Debtor had evidently been unable to carry out the conditions of the Compromise.

115.2 The Bankruptcy Proceedings shall be continued upon the disaffirming the Compromise.

116 Prerogative Claims and Equalization in Compromise

Compromise shall have no effect upon a Creditor with prerogative rights or right for equalization. These Creditors shall not take part in voting at the Creditors' General Meeting within the extent of their prerogative or the equalized claim.

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117 Submission of Claims after the End of the Compromise Term

117.1 The Creditors can submit their claims after the end of the Compromise term except for the parts of the claim that had been reduced by Compromise.

117.2 The principle stipulated in § 117.1 shall not be applied in case the Compromise was disaffirmed.

Signed by:

Arnold Rüütel
Chairman of the Supreme Soviet of
the Republic of Estonia

as of June 10, 1992

Translation from Estonian to English by T.Agur

Deloitte & Touche

PRIVATIZATION LEGISLATION

COMPUTERIZATION/ADMINISTRATION ISSUES

Deliverable

Delivery Order No. 12
Task II, Development of a Privatization Management System

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Deloitte Touche
Tohmatsu
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Introduction

This report contains management memoranda and reports produced by the Deloitte & Touche information system advisor during the course of the Privatization Policy and Management Support project for the Government of Estonia. These documents represent the deliverables contracted under Task II of the overall contract (Delivery Order No. 12).

These documents were discussed with and distributed to representatives of the State Property Board, the State Computing Center, the members of the Estonian Governmental Working Groups on Privatization, and Ms. Liia Hanni, the Minister of Reform. The reports are intended to underline and discuss the computerization aspects of proposed and enacted privatization legislation.

PRIVATIZATION SECURITIES
MANAGEMENT MEMORANDUM #1

This management memorandum was prepared under Deloitte & Touche's Privation Policy and Management Support Project (specifically, Task 2 of the project), funded by USAID. It is meant to assist the working group on privatization securities in planning the management of those securities.

The Deloitte & Touche team is capable of analyzing the economic and financial impact of various options for privatization securities, and making recommendations concerning them to the working group. And we would welcome a request from the working group to provide such analysis and recommendations.

However, this memorandum is written from the point of view of administration and computerization only; not from an economic or financial point of view. Recommendations made here are only intended to improve the management of privatization securities, without reference to their impact on the Estonian economy or finances.

I Types of privatization securities

There are at least five different types of privatization vouchers or securities that have been defined or proposed:

- Rahvakapitali Obligatisioonid (Popular Capital Vouchers)
- Agricultural Vouchers
- HVP 1 (compensation vouchers for preserved property)
- HVP 2 (compensation vouchers for land)
- HVP 3 (compensation vouchers for destroyed property)

All these different types of vouchers create complexities, both for the individual citizen who may be entitled to them, and for the organization that administers them. For the two types of vouchers that have already been defined by law, Popular Capital Vouchers and agricultural vouchers, there are two different, complex formulas for calculating how many vouchers an individual is entitled to. The formulas for the two types of vouchers have nothing in common with each other. Creating three more kinds of privatization securities, each with different restrictions, could lead to more work for the individual. And it will certainly lead to increased work and difficulty for the organization that manages them.

Recommendations:

I.1 The number of different types of securities, and the distinctions between them, should be minimized. From an administrative viewpoint, the ideal would be to combine all three types of compensation vouchers with Popular Capital

Vouchers into a single type of security, with exactly the same value and uses. At a minimum, the Popular Capital Vouchers could be combined with HVP 1 securities.

I.2 The method of calculating how many vouchers are due to an individual should be kept as simple as possible. It is wiser to use a simple method that gets the job done, rather than a complex method that takes too much time and administrative effort.

I.3 Agricultural vouchers should be included in all planning for privatization securities, inasmuch as they may be converted into Popular Capital Vouchers.

II Value of privatization securities

The two kinds of vouchers already defined in law, agricultural and popular capital, each has a problem with its value. Agricultural vouchers can have different values depending on where they were earned. Popular Capital Vouchers have a value defined mainly in terms of square meters of living space; it is hard to estimate any equivalent in cash or in shares of a company to be privatized, or in any other terms.

The fact that the vouchers do not have a clearly stated value makes it difficult or impossible for an individual to decide rationally how to use them. Should one use one's vouchers to buy housing, or to buy shares in enterprises? It is very difficult to say, because the values are not stated in comparable terms.

Also, the fact that relative values of vouchers cannot be estimated leads to a special kind of uncertainty: An individual can, in principal, convert agricultural vouchers into Popular Capital Vouchers; but it is very difficult, if not impossible, for the individual to know which is more valuable. So when actually faced with such a choice, the individual cannot make a rational decision. This uncertainty about values, both relative and absolute, will mean extra work and difficulty for the organization that manages and administers the vouchers.

Recommendations:

We recommend that all privatization securities have a clearly stated face value. This may be accomplished in various ways. At a minimum, we recommend that the various types of securities should have fixed relative values. That is to say, they should all be denominated in a single way, so that they can be compared to each other; for example, they could all have their values stated in square meters of living space, like Popular Capital Vouchers.

A better way would be to fix values of all compensation securities in Estonian kroons, rather than any artificial or non-monetary unit. We emphasize that this approach is best from an

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administrative point of view, because it simplifies administration. It may not be best from a macro-economic point of view.

III Organization for Administration

The administration of privatization, and of privatization securities, is already dispersed among a wide variety of government organizations including:

- Ministries of Finance, Economics, and Agriculture
- Bank of Estonia
- Department of State Property
- State Agency for Privatization
- National Housing Office
- State Computer Center and Statistical Office

This proliferation of organizations, and division of responsibilities, makes administration and management of privatization more complicated than it perhaps needs to be.

The working group has also received proposals to create one or more additional new organizations, such as an Administrative Council and an Investment Bank. Whether or not new organizations are created, some new structures will certainly have to be created, such as the Compensation Fund and the Central Register of Securities. These are not organizations in themselves, but they must be fitted into some organizational structure.

Recommendations:

III.1 One organization should be put in charge of managing all aspects of privatization securities, including both their issue and their use. This organization should operate both the Compensation Fund and the Central Register of Securities.

III.2 Rather than creating a whole new organization, the functions of this new organization should be merged with some existing organization, if at all possible. This will simplify administration, which is already complicated.

III.3 The existing Popular Capital Vouchers should be brought under the same overall organization for privatization securities as the compensation securities.

III.4 If possible, agricultural vouchers should also be brought under the management of the overall organization for privatization securities.

IV Computerization

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Even if the different types of privatization securities are combined and simplified, as recommended above, a computerized system would still be best for keeping track of their issue and use. Just to keep track of Popular Capital Vouchers used for housing privatization requires a computerized system: the Automated Voucher System which is currently being programmed in the Estonian State Computing Center with funding from the Deloitte & Touche/ USAID project. The new types of securities to be created, and the new uses for them such as privatization of enterprises, will make a computerized system even more necessary.

Recommendations:

IV.1 A Central Register of Securities should be set up to keep track of the issue and use of all privatization securities; and this register should be computerized.

IV.2 The Central Register of Securities should encompass the existing Automated Voucher System, used for housing privatization. It would be easiest if the Central Register of Securities were an expanded version of the Automated Voucher System.

IV.3 The Central Register of Securities should be managed by the organization for privatization securities, not by the computer center where the register is kept.

V <u>Funding of Administration and Computerization</u>

Privatization in Estonia is turning out to be an expensive process. There are already many people, in a number of different organizations, who are working on privatization. Their salaries alone cost the government a great deal.

Besides the salaries, the experience of Popular Capital Vouchers used for housing privatization is making it clear that record-keeping is going to be a substantial expense, too. Computers and programs will be needed both centrally and at the county and local government level.

Recommendations:

V.1 The working group should estimate a budget of expenditures (salaries, computers, etc.) and income (shares of privatized enterprises, interest and dividends, etc.) for administering the privatization securities. At first, the budget need only be accurate and detailed enough for preliminary planning; a rough estimate would be sufficient in the beginning.

V.2 If it is clear from the budget estimate that income to the Compensation Fund cannot pay for necessary expenditures, the working group should consider

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possible user's fees. Such fees might include a special fee for registering privatized property, a fee for maintaining a balance in the Central Register of Securities, or other fees.

We hope that these remarks and recommendations on administration and computerization may prove helpful for the working group.

15 December 1992

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PRIVATIZATION SECURITIES
MANAGEMENT MEMORANDUM #2

INFORMATION SYSTEMS NEEDS

FOR PRIVATIZATION SECURITIES

This is the second management memorandum on privatization securities prepared under Deloitte & Touche's Privation Policy and Management Support Project funded by USAID. It is intended as an estimate of the information systems needed to manage the proposed new securities, and of the cost of the information systems. This estimate will help the committee and the working group plan for a smooth implementation.

I Assumptions

The estimates developed in this memorandum cannot be definitive because parliament has not yet passed the laws covering the new privatization securities. However, it is possible to make some estimates based on certain assumptions. In particular, this memo assumes the following:

I.1 The new securities, like the Popular Capital Vouchers (rahvakapitali obligatsiooni), will be "kinnisraha" with restricted uses; they will not be tradeable securities with monetary backing. This is the most important assumption. The computerization requirements for true securities are different from the computerization requirements for "kinnisraha". Tradeable securities with monetary backing could be issued as printed documents; dealing with such documents, which have an inherent value of their own, would be much simpler than dealing with "kinnisraha", and might not require a computerized system at all.

I.2 The central register for the new securities, like the register for Popular Capital Vouchers, will be located in, and maintained by, the State Computing Center (ESCC). And the new Central Register of Securities will include the old register of Popular Capital Vouchers.

I.3 Transactions involving the new securities will be carried out at many local offices throughout Estonia. In the case of the Popular Capital Vouchers, these offices are the local self-governments. In the case of the new securities, it is not certain what local offices will carry out transactions, although it is likely that they will be savings banks in each county. However, it is clear that there will be many local offices, perhaps twenty or more if there is one in each county. These local offices may send information directly to the Central Register, or the information may come through another central office, such as the Savings Bank central office.

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I.4 Transactions will not be binding until they are cleared by the Central Register. In this way, the Central Register will always be the definitive list of the securities, and the list will always be accurate.

I.5 There will only be a few transactions involving the new securities, namely:

- issuing the securities to those who are qualified
- transferring them between certain qualified owners
- using them once to buy properties, shares of stocks, or other securities.

It is assumed that these transactions do not need to be carried out instantaneously; they can wait for the time it takes to send a form or diskette from the local office to the central register; check them at the central register; and send a confirmation back to the local office. This process will probably take at least one week, but such a delay should be acceptable. According to this assumption, no telecommunications are needed between the local offices and the Central Register. .

I.6 Privatization securities will be used to buy only a few kinds of property, namely:

- shares of large enterprises
- sole proprietorship of small enterprises
- housing
- land
- shares of investment funds or the pension fund.

It is assumed that each one of these types of property will have its own system for keeping track of ownership. The register of shares of enterprises and funds may be derived from the Central Register of Securities, but even it will be separate.

In other words, this memo assumes that the Central Register of Securities will only keep track of the privatization securities. After the privatization securities are used to buy something, they will disappear from the register. Other systems will keep track of housing, land, shares of stock, or shares of investment funds after these things are bought with the privatization securities.

I.7 In addition to the Central Register of Securities, there will also have to be a computerized system to manage the Compensation Fund. This system will be quite different from the Central Register. It must keep track of monies coming into the Compensation Fund from several different sources. It must keep records about investments with those monies, including interest earned. It will probably record the securities issued with the financial backing of the fund.

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However, the details of how the Compensation Fund will work are even less definite than the details of the Privatization Securities. Therefore, this memo will not attempt to estimate the computerization needs and costs of the Compensation Fund. If possible, a later memo may make that attempt when the Compensation Fund is better defined.

Note that all the points above, numbers 1.1 to 1.7, are assumptions. If the actual privatization vouchers and Central Register turn out differently, the following estimates of computer support will have to be changed, too.

II Computer hardware and software needs

Following is an estimate of how much and what kind of hardware and software will be needed for the Central Register of privatization securities:

II.1 The computer hardware for the central register at ESCC will be a new and larger version of the PC "server" that presently serves the Automated Voucher System. This computer will have a great deal of hard disk capacity. It should include several work stations for programmers and for data input.

II.2 Data collection for computerization of the privatization vouchers will be done with smaller, slower PC computers. These PC's will be located at the local offices where transactions take place.

II.3 The program for computerizing the privatization securities will be written in the same language as the Automated Voucher System which presently handles Popular Capital Vouchers used for housing privatization. This new program will include the old Automated Voucher System, but also some new features. One new feature, for example, is that data from the OVR, the register of former owners, will be included in the new program. This program for the Central Register will require substantial design and programming work.

Again, the information system for managing the Compensation Fund will have its own needs for hardware and software, in addition to those listed above. A later memo may estimate those needs, but this memo will not.

III Costs

The preceding discussion consists of many assumptions, that make it difficult to estimate costs with great accuracy. However, the following cost estimates should be at least within the correct order of magnitude (costs are expressed in Estonian kroons or EEK):

Large "server" for Central Register	350,000
Additional data collection PC's: 5 @ 20,000	100,000
Additional software licenses	250,000
Analysis & design: 15 person-months @ 10,000	150,000
Programming: 20 person-months @ 7500	150,000
	========
TOTAL	1,000,000

Note that these figures include only hardware and software costs of computerization for the Central Register of Securities; they do not include costs for data collection clerks, for management of local and central offices, nor for many other costs. And they do not include any of the costs of computerizing the Compensation Fund.

IV Sources of funding

If the figures above are at all accurate, it will cost a substantial amount to computerize the privatization securities. It is unlikely that the money can be found in the national budget, which is severely limited and excludes many items more urgent than this computer system.

Where then can the money be found? One possible source, particularly for the software analysis, design, and programming, is foreign aid. USAID provided these kinds of technical assistance already for the Automated Voucher System which computerized the Popular Capital Vouchers for housing privatization. USAID may be willing to provide similar assistance for the new privatization securities.

A second possible source of funding is a private investor. An investor might put up the money in advance for the computer hardware and software, if he would be repaid later by fees on transactions during the process of privatization. Local IBM representatives in Tallinn have expressed an interest in providing this kind of support if financial conditions can be agreed to.

A third possible source of funding is the Compensation Fund itself. The Compensation Fund would receive money from sale of state-owned enterprises, and from other sources, possibly including fees for privatization transactions. Some of this money might be made available for the computerization.

We recommend that the Government of Estonian should first seek funding for computerization from foreign technical assistance, particularly USAID. Such assistance is provided on a grant basis and would cost the least from the point of view of the Estonian government.

Secondly, the government should discuss with IBM or other investors the possibility of investment by a private company, to be repaid from the Compensation Fund.

If neither foreign assistance nor a private investor steps forward, the computerization would have to be paid for directly from the Compensation Fund when enough money is received in it to pay the costs.

V Time schedule

A computerized system such as the Central Register of Securities described in this memo can never be created overnight. It is true that no great technical difficulties can be foreseen, and a similar system, the Automated Voucher System, will already be operational when this new system is started.

Nevertheless, we estimate that it will take 9 months to develop the new register. This nine months is measured from the time when parliament passes the laws to institute the new privatization securities.

The nine months is composed of three equal pieces:

- Three months for analysis & design. This estimate is based on a five person analysis team.
- Three months for programming. This is based on a six or seven person programming team.
- Three months for starting up the new system. This includes time to train the users in the local offices, install the software, and iron out initial difficulties.

Based on experience gained with the implementation of Popular Capital Vouchers, this schedule is realistic and achievable.

Note once more that the time schedule does not include the time necessary to develop an information system for the Compensation Fund. A later memo may deal with that subject.

21 January 1993

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AUTOMATED VOUCHER SYSTEM
MANAGEMENT MEMO #1

18 December 1992

Status of Automated Voucher System

Deloitte & Touche first proposed the Automated Voucher System in the "Conceptual Design Document", dated April 17, 1992. The Deloitte & Touche team analyzed the system during the period June through September 1992, culminating in the "Requirements Assessment" of September 9, 1992. They began the design work in October 1992 and completed it with the "Design Document" of 18 December 1992. The Estonian State Computing Center began programming the system in November and will complete the programming at the end of February 1993.

It remains to train the users, document the system, and install and implement it. This will be the work of the State Computing Center in the coming months.

Issues remaining to resolve

For the voucher system to be a success, a number of issues should be addressed. Following are our understanding of the issues, and recommendations for them.

I Training and Implementation

The voucher system will be primarily administered at the local level of housing offices, and Vald and county governments. Some of these offices are well-prepared and have a large enough staff to administer the vouchers easily; many others do not. It will be important to find out at the earliest possible date exactly how many offices are understaffed and to plan ways for them to cope with the system. Even the offices with large staffs will need good training in the use of the Automated Voucher System.

Likewise, some offices have computers; many do not. We need to find out exactly how many sites have computers and will use
the Automated Voucher System for data entry, as opposed to sending hard-copy information to the State Computing Center for data entry there. We need a list of these sites first of all to plan the training; we will not know how many students need training until we have the

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list. Secondly, we need the list to estimate how much data entry the State Computing Center will have to do itself.

I.1 Recommendations

The State Computing Center will send a letter to all the local self-governments and counties asking which ones have computers and will do their own data entry. This information allow us to plan training, and data entry.

We also recommend surveying the offices to find out staffing and other readiness problems. Then solutions should be planned for the problems uncovered.

II Compensation securities and other uses of Popular Capital Vouchers

The Minister of Reform is currently planning legislation to create the Compensation Securities that will be used in the Restitution process; and to expand the use of Popular Capital Vouchers from housing privatization only to privatization of enterprises. For all the same reasons that vouchers for housing needed to be computerized, these new securities will need to be computerized, too. Luckily, the Automated Voucher System was planned from the beginning to accommodate them.

II.1 Recommendations

The new securities should be planned in such a way that the Automated Voucher System can be expanded to cover them. Otherwise, a whole new computerized system would need to be designed, which would be wasteful and confusing.

III Organization Responsibilities

The State Computing Center is at the moment dealing directly with the local governments, and preparing instructions for use of Popular Capital Vouchers. This is not the best organizational structure; it asks the computer center to do something which is outside its usual function. An example of a better organizational structure would be a computerized bank. The banking personnel run the bank, and do the banking; the computer personnel keep the records.

The situation would be even worse if the State Computing Center were asked to take similar responsibility for Compensation Securities, and for the use of vouchers for industrial privatization.

III.1 Recommendations

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The Government of Estonia should give responsibility for computerization of Privatization Securities to the State Computing Center. It should give responsibility for administering the securities, issuing them and using them, to another competent organization. This administrative organization should direct the work of the State Computing Center with the securities.

IV Funding the Automated Voucher System

The development of the Automated Voucher System will be paid for by a USAID contract. But no special moneys have been set aside for implementing and operating the system. Operations can be accommodated to some extent within existing budgets of various organizations: housing offices, local and county governments, and the State Computing Center. But that puts a severe strain on the resources of these organizations, and may well exceed their resources.

IV.1 Recommendations

We recommend finding a funding source other than the State budget. It might be possible to find more funding from foreign aid, but it would not be wise to plan on it. It would be better to depend on a system of funding from the privatization process. Funds are generated as government properties are sold for privatization. Some of these funds should be set aside for expenses of administration and computerization.

The government should also consider the possibility of instituting some kind of user fees in the privatization process. For example, there might be a special fee for registering privatized property, or a fee for keeping a balance in the Automated Voucher System.

Whatever funds are available should be shared by the State Computing Center, the local self governments, and any other offices who must perform services for computerized record-keeping.

V Control of Fraud, Abuse and Error

There will be some fraud and abuse during the privatization process, as well as much simple error. If these become too prevalent, they would threaten the whole process, and shake public confidence. It may be impossible to avoid all fraud; but every effort should be made to minimize it.

V.1 Recommendations

There are so many possible sources of fraud and error, that a broad approach is needed to deal with it. We recommend that a small group should be set up to consider the question

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and recommend actions. The group might include representatives of the Department of State Property, the State Computing Center, the National Housing Office, and local governments.

We also recommend that their should be an independent audit of the process from time to time, perhaps annually. The auditor could be either an Estonian government organization, or some private accounting company.

VI Links to other data bases

In the course of analyzing and designing the Automated Voucher System, the Deloitte & Touche team encountered a number of related computerized registers: the housing register; the personal register (Passport Numbers); the land register; and the enterprise register. Each of these deals with some of the same information that the Automated Voucher System deals with; but they do not talk to each other. Each one is separate, and even resides in a separate organization. This means duplication of effort, and conflicting information residing in different registers.

VI.1 Recommendations

We recommend that there should be closer coordination among the different registers, both technically and organizationally. The registers should use information from one another: for example, a way should be set up for the Automated Voucher System to get passport numbers from the Personal Register.

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AUTOMATED VOUCHER SYSTEM
MANAGEMENT MEMO #2

23 April, 1993

Status of Automated Voucher System

The planning, design, and programming of the Automated Voucher System has been one of the focuses of the Deloitte & Touche project for the past year. The system is now complete and operational, as far as present laws and regulations allow. This means that the present system addresses the issuing of Popular Capital Vouchers, and their use in housing privatization. Compensation vouchers, and the use of vouchers for industrial privatization, will be added to the system when new laws are passed. These new laws are now being planned and drafted by the Minister of Reform, Mrs. Hanni.

The voucher scheme, as presently defined, involves three main steps: the issuing of voucher cards, the crediting of vouchers, and the use of the vouchers to buy housing.

There are many offices that issue voucher cards: local and enterprise housing offices, local governments, and a few others. The card as issued includes only a unique card number, and data about the individual to whom it is issued: name, date of birth, number of children, etc. As each card is given out to an individual, the unique card number and other data are noted, and then entered into the Automated Voucher System (AVS), the computer program created by this project. In most cases, the data is entered on a computer in the local area. In a few cases, where there are no machines available locally, the information is sent to the Estonian State Computing Center (ESCC) and entered there.

The individual takes his or her voucher card to the official who keeps his or her employment records. In most cases, this is the personnel officer at the enterprise where he or she works. For retired persons, it is the pension office. And for the unemployed, it is the social care office of the local government. The official with the employment records fills in the information on which credit for vouchers is based: number of years worked in Estonia, number of children raised, etc. The official certifies the information by signing and stamping the card.

The individual then takes the card back to the office where it was issued in order for the employment information, and the credit for vouchers, to be recorded. The number of vouchers credited to the card is noted, and entered into the computer data base. As before, the data entry is usually local, but in a few cases the hard copy is sent to the ESCC for data entry.

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When individuals, or more likely a family as a group, want to use their vouchers to buy a housing unit, they go back to the housing office where their records are kept, and request a purchase. The office prepares the sales contract, in which the sale price may be all vouchers or partly vouchers and partly cash. Each voucher is worth one square meter of space in a standard apartment.

After the sale is completed, the use of the vouchers is noted, and entered into the computer system as in the previous steps.

There are several other transactions that go into the Automated Voucher System, especially transfers of vouchers between individuals. The vouchers cannot be bought and sold, but may be inherited. They may also be given as gifts, but only between close relatives.

As of this writing, the issuing of voucher cards and the crediting of vouchers are already going on throughout Estonia. Very few housing units have actually been privatized for vouchers yet. The Automated Voucher System computer program is installed and in use both at the central ESCC data base, and in most local areas.

Local officials have received a great deal of training both in the paperwork administration of vouchers, and in the use of the computer system. They seem conscientious and motivated.

The general public is less well informed about the voucher scheme, and has many questions and doubts. Furthermore, the general public may not be strongly motivated to privatize their housing. In cases where the apartments are sub-standard, they still hope to move elsewhere. And rents are so low now, that there is generally no financial advantage to ownership.

This is the Estonian voucher scheme at a glance, as of now. It will certainly change a great deal over the next year. Some of the changes that will take place during the next year are already clear: a new type of voucher, and new uses for vouchers, will be added. And the crediting of vouchers to individuals should be completed during the coming year.

Other questions will only be answered with time: How much housing will actually be privatized? How quickly will other uses of vouchers take place? How will the public perceive the voucher program? What impact will the voucher program have on reform in general? The answers will depend on actions still to be taken by responsible Estonian officials.

Issues remaining to resolve

For the voucher system to be a success, a number of issues should be addressed. On the following pages are listed a few of the issues, and some recommendations for dealing with them. These are the issues as seen from the perspective of a management information specialist.

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I Organization Responsibilities

The Department of State Property (DSP) has been assigned the responsibility for administering the Estonian voucher scheme. The DSP in turn has delegated computerization to the ESCC. However, the DSP has no staff member specifically tasked with dealing with the scheme, whereas the ESCC has several quite competent functionaries working on the Automated Voucher System. As a result, the ESCC, not the DSP, prepares instructions for, and deals on a daily basis with, the local offices that issue and credit vouchers.

This is not the best organizational structure; it asks the computer center to do something which is outside its area of expertise. Furthermore, it will become untenable when the volume of work, and the complications of administration grow much bigger.

An example of a better organizational structure would be a computerized bank. The banking personnel run the bank, and do the banking; the computer personnel keep the records.

I.1 Recommendation

The DSP should be given the additional staff necessary to directly administer the voucher scheme. It would be best if the DSP directly, not through the ESCC, managed the program and gave day-to-day instructions to local offices. This staff, too, could direct the activities of the ESCC in the field of computerization.

The Government of Estonia should continue to give responsibility for computerization of vouchers to the ESCC. They have done, and continue to do, a good job of administering the voucher system, including, as mentioned above, duties which are normally above and beyond those of a data center.

II Use of the AVS

It should be clear from the description above of how the Automated Voucher System is used, that it is mainly a register of events. It is not planned to be used in the day-to-day management of those events. For example, it is possible to carry out a complete set of voucher transactions at the local level before they are ever entered into the computer data base. A card can be issued, vouchers credited, and a house bought before the central computer system at the ESCC is informed.

This is clearly different from a business where the computer system is used to control operations. In a modern banking system, for example, customer accounts, and account balances, are kept in a central computer data base. When the customer wants to withdraw money, the teller checks the data base before giving out cash.

Nowadays, the teller has a terminal connected by a communication line to the data base, so that he or she can query the data base directly. But the communication link is not a necessary part of such a system. Before communications links were well-developed, a customer request for withdrawal could be made in writing, and sent to a central file. Some time later, a clerk at the central file would send a written reply, authorizing or denying the request.

Using the central data base to control operations, as a modern bank does, has many advantages. From the viewpoint of a manager, it insures that reports from the central data base are always up to date and accurate. This is because no transaction can take place without the central data base being informed.

Furthermore, using the central data base this way prevents a multitude of errors and frauds that are possible otherwise. If the local bank branches take deposits and make cash payments before they report the transactions to the center, there can be all sorts of unresolvable discrepancies when they are finally reported.

II.1 Recommendation

The operations of the voucher scheme should be changed so that vouchers cannot be used unless the transaction is approved by the central data base. This will not require communications links from the local offices to the ESCC; requests for approval, and replies, can be sent in writing.

It will add some extra time to transaction processing, the time it takes to send a request to the ESCC and get an answer back. But this will allow much better management of the system, and far fewer errors and frauds.

III Control of Fraud, Abuse and Error

There will be some fraud and abuse during the privatization process, as well as much simple error. If these become too prevalent, they would threaten the whole process, and shake public confidence. It may be impossible to avoid all fraud; but every effort should be made to minimize it.

III.1 Recommendation

There are so many possible sources of fraud and error, that a broad approach is needed to deal with it. We recommend that a small group should be set up to consider the question and recommend actions. The group might include representatives of the Department of State Property, the State Computing Center, the National Housing Office, local governments, and some competent auditors.

We also recommend that their should be an independent audit of the process from time to time, perhaps annually. The auditor could be either an Estonian government organization, or some private accounting company.

Finally, it is recommended again, as above, that transactions should be verified in the central data base before they are consummated.

IV Unified voucher data base

There are at least four different data bases already established that involve voucher privatization: the Automated Voucher System discussed here; a new register of agricultural vouchers; and two data bases of restitution claims, which may be paid with Compensation vouchers. These now-separate data bases are all inter-related, and all depend on at least one common data element: they are all associated primarily with individuals who are entitled to vouchers. So they could all share a common file of individuals.

The new laws now being planned will add even more information to these systems, which will require new files, and may be implemented as new and separate data bases.

All these data bases need continuing technical work. It may be best to combine the different systems into one large integrated system, to share common elements and stream-line administration.

The ESCC is responsible for these data bases, and has gained valuable experience, and a great deal of credibility, from what it has done so far. The programmers, systems experts, and managers in the ESCC are competent and well respected. However, the organization is now under-funded, under-staffed, and will have a hard time meeting the increasing needs and challenges of the voucher system. In particular, integrating all the data bases into a more coherent single system would over-tax the present ESCC.

IV.1 Recommendation

The ESCC needs additional technical assistance to meet the upcoming challenges of the voucher scheme. There are two possible sources for this technical assistance: foreign aid or a large increase in the budget of the ESCC to allow them to hire the assistance they need directly. But the budget of Estonia is already severely strained, and even essential social services such as health and education are hard to fund. Foreign technical assistance may be the only hope for the continuing the proper administration of the voucher scheme.

FRAUD AND ERROR REPORT
ESTONIAN VOUCHER PROGRAM

APRIL 1993

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FRAUD AND ERROR REPORT
ESTONIAN VOUCHER PROGRAM

APRIL 1993

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FRAUD AND ERROR REPORT
ESTONIAN VOUCHER PROGRAM

I Executive Summary

I.1 Introduction

This report on fraud and error in the Estonian voucher scheme is the result of a study undertaken by the Deloitte & Touche privatization team in Estonia, funded by USAID, during the period 22 March to 23 April, 1993. The findings of the study, and the analysis of threats and counter-measures to the voucher scheme, are based on interviews with Estonian officials during that period. In addition to the interviews, this report builds on the "Implementation Assessment" study undertaken by the team during February and early March. That study involved an even broader series of interviews with Estonian officials, during which the subject of fraud and error were frequently discussed.

At the time of this study, only two sets of laws regarding vouchers had actually been passed by Parliament, signed by the President, and put into practice. One set consisted of Decrees 225 and 226 of August 5, 1992. These defined the Popular Capital Vouchers and specified how they were to be credited and used; and it provided one use for them, namely housing privatization. At the time of this report, a new law modifying Decrees 225 and 226 had been passed by Parliament but had not yet been signed by the President.

The second law about vouchers that already exists is the Agricultural Implementation Decree of March 25, 1992. That law defines the vouchers for workers on State and Collective farms, how they are calculated and how they are used. Up to now, the implementation of these agricultural vouchers has been strictly local, and they have not been included in the Automated Voucher System. Therefore this present study does not address them.

Other laws were being prepared at the time of this report. The new laws are planned to define a new type of voucher, for compensation of restitution claims, and new uses for both Popular Capital Vouchers and Compensation vouchers. Under the new plan, the vouchers will also be used for buying shares in privatized enterprises, for buying shares in investment funds, and for buying compensation securities issued by the government. Since these new vouchers and uses for vouchers are not yet defined in law, this study does not address them either.

This study focused on two main areas: first, identifying threats to the voucher scheme, that is, potential sources of fraud of error; and second, suggesting counter-measures that might minimize the threats.

It is normal in any computerized administrative system that a study of fraud and error should be carried out, since all systems are subject to them. However, such a study is normally more intensive than this one, and is undertaken by a team of specialists with broader capabilities than the author of this study. The team should be composed of Estonian officials

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with expertise in the use of the vouchers, and in auditing and accounting. A team with those broad-based views could unearth many more potential sources of cheating, and could suggest more and better ways to counter them.

It is important to note again that this is a normal, standard type of study, a type of study that should always be undertaken for large systems like this one. The fact that it is being undertaken in no way implies a special distrust of the system, or of any administrative officials, nor of the Estonian public. All systems may be defrauded, and it is simple prudence to look into the subject of fraud and try to find ways to prevent it. It is perfectly normal for a system to have weaker spots, where fraud is more likely; and it is better to be aware of them and take precautions against them than to ignore them.

I.2 Summary of Findings

The were a great many findings uncovered by this study, some important and some less so. They are listed in detail in the next chapter of this report. But they may be compressed and summarized into four main points, as follows:

First of all, there are sources of fraud at every step in the process of issuing and using the vouchers. This includes initial issue of the card; filling in the years worked; receiving vouchers as a gift; inheriting vouchers; and using the vouchers to buy a housing unit. If agricultural vouchers and compensation vouchers are added to the system, and new uses for the vouchers, those additions will certainly add new possibilities for fraud and error. And as other major changes are made to the system -- for example, bringing the Savings Banks into the administration of the vouchers -- these changes, too, will mean new sources of fraud and error.

Second, it was found that the greatest opportunities for fraud in the system exist in the calculation and crediting of vouchers to an individual. There are many ways in which a dishonest individual can fraudulently or erroneously receive credit for more vouchers than he or she is really entitled to. They range from bribing or tricking a personnel officer to certify extra years of work; all the way to simply forging the certification signature and seal.

These frauds in calculating and crediting vouchers are particularly hard to detect, because local officials cannot take the time to check back to every personnel officer, or look carefully for all the documentation the personnel officer relied on. In some cases, the only way to detect such fraud will be an audit of the individual voucher card, in which the auditor goes back to the enterprise and actually checks the card against the individual's grey work booklet.

A third finding was that the present decentralized administration of vouchers makes it easier to defraud than a more centralized system. Right now, local officials issue vouchers and sell apartments based on their local information. This makes it easy for a dishonest individual to

receive a voucher card from two different districts, get duplicate vouchers credited, and buy two apartments with them. Even if the fraud is later detected when the data is consolidated at the central register in the Estonian State Computing Center (ESCC), it may be too late to do much about it.

A fourth important finding was that the voucher system unfortunately will not be able to rely yet on the National Register of personal identification numbers as part of the counter-measures against fraud. If every individual did have a unique personal identification number, it would make it possible to control the system and detect some types of duplication and fraud quite easily. However, it was found that only a minority of Estonians have yet received their identification numbers, and new ones are being issued quite slowly. As a result, it will be a year or more before enough Estonians have numbers to do any good, and then it will probably be too late.

I.3 Summary of Threats and Counter-Measures

The study identified a great many threats to the system, ways in which dishonest persons could attempt to cheat it. It is hard to summarize the threats, each one of which is quite specific, and really needs its own explanation to be clear. Furthermore, a good team of analysts with broader expertise could doubtless think of more. And a really clever thief may be able to devise still more and better threats than even the best team of administrative specialists. However, following is a list of seven common types of threats which need to be guarded against:

- Duplicate voucher cards. A person receives two cards, and gets credit for years worked on both. Or s/he receives agricultural vouchers and Popular Capital Vouchers for the same work years.

- Credit for too many years of work. A person has more work years entered on his or her voucher card than s/he is entitled to, through any of several kinds of fraud or error.

- Credit for too many years of child rearing. A person receives credit for raising children s/he did not in fact raise, through any of several kinds of fraud of error.

- False inheritance. A person, by one of several kinds of fraud, gets credit for the vouchers of a deceased person, whose vouchers he or she is not properly entitled to.

- Illegal sale. A person sells his or her vouchers to a non-relative, and gets the transfer credited by fraud.

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- Using vouchers twice. A person uses the same vouchers twice to buy two different properties.

This summary of threats gives some idea of the range of possible frauds against the present system. Against these threats, five possible counter-measures have been devised. Again, the proper group of Estonian specialists, with user and auditing expertise, could doubtless think of more and better possible counter-measures. These are merely presented as a first listing of possibilities, and many more should be added to the list by future studies. The five counter-measures are:

- Centralize the voucher administer. This means not merely keeping a central register, but requiring local offices to check the central register before completing a transaction.

- Add a sub-program to the Automated Voucher System to check if a person's claim for vouchers is reasonable. This would flag exorbitant voucher claims before they are entered into the computer data base.

- Check the computerized data base regularly for duplicate names. The computer program itself can detect exact duplicates, but not duplicates where the name or date of birth varies slightly.

- Define fraud against the voucher scheme, and impose penalties for it. This would require an act of Parliament.

- Audit the entire voucher system from time to time. This means checking not only the computerized program and data base, but the manual parts of the system, and the sources of information.

Each of these counter-measures may be useful in preventing or detecting several of the threats.

I.4 Conclusions and Recommendations

The Estonian voucher scheme, like all large, complicated administrative systems, is vulnerable to many kinds of fraud and error. This study has identified some of these threats, and suggests a variety of counter-measures which might be taken to detect, prevent and correct the frauds and errors.

However, this can only be considered a pilot study for the voucher scheme. It cannot be complete and final for two reasons: first, the author lacks the user knowledge and auditing expertise needed to make a complete study. Second, there will be important changes to the system in the near future which will create new opportunities for fraud and error.

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It is therefore the first recommendation of this report that a group should be assembled to undertake a more complete study of fraud and error in vouchers. Such a group could doubtless recommend some good new counter-measures.

In spite of the fact that this is only a pilot study, a number of valuable counter-measures have been identified here. It is the second recommendation of this report that these counter-measures should be carefully considered and adopted to counteract the threats that have been identified.

II Findings

The findings in this report largely consist of a listing of sources of fraud and error in the voucher scheme. As such, it may appear that the findings are criticisms of the planners and administrators of the scheme; that Estonian officials have made mistakes, are not to be trusted, and can be expected to cheat.

But on the contrary, the officials interviewed for this study all seemed to be honest and conscientious, and sincerely interested in preventing fraud. These findings are merely meant to identify the weakest points in the voucher scheme, points where it is worth putting in effort to prevent fraud or error. This list of findings in no way presumes that officials, or the general public, intend to cheat the system; it merely identifies points where a dishonest person might find it relatively easy to do so.

The main findings of the study are the following:

II.1 There are three major steps in voucher administration: issuing the card; filling in years worked; and using the vouchers to buy a housing unit. Under existing procedures, the easiest step for cheating, the most likely place for fraud, is the second step, filling in years worked.

II.2 Certain types of enterprises may be particularly prone to filling in years worked incorrectly. Several sources mentioned that military offices might be particularly willing to provide certificates valid for vouchers based simply on the individual's say-so. For example, they might certify that a military unit was stationed in Estonia during years when it actually was in Russia (vouchers are only credited for years worked in Estonia, not in Russia).

II.3 Small private enterprises are less directly controlled by government officials. Therefore, they might also be prone to fill in more years than an individual is entitled to, due to ignorance or cheating.

II.4 One particular type of individual will find it especially easy to falsely claim extra vouchers on the card: the enterprise personnel officers themselves, who presumably fill in their own cards. Since there are over 40,000 registered enterprises, there could be 40,000 individuals who fill in their own cards, with no one to check them.

II.5 It is possible, and perhaps even easy, to forge a personnel officer's signature and an enterprise seal on the section of the voucher card where years worked are filled in. Thus, a dishonest individual could fill in his own card with however many years he wants, and then forge a signature for authorization.

II.6 It is also possible to cheat at the first step, in issuing the card. There are several ways to do this: it might be possible to get two cards from one housing office by going on

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different days to different clerks. Such situations have already been discovered by chance in some housing offices.

II.7 Another way to receive two cards is less likely to be discovered. Some people have two apartments, in two different districts; they could get one card from each of them.

II.8 Receiving two different cards would not in itself make it possible to cheat; but in combination with fraud in filling in years worked, and in using the cards, it would make it possible to defraud the system. For example, a pensioner might be both collecting a pension and working at a new job. If he could get two cards, he might be able to have one filled in with years worked at the pension office, the other filled in with duplicate years worked at the enterprise personnel office where he works. He could then use one card to buy his apartment, and save the vouchers on the other for future uses.

II.9 Since vouchers are not yet being widely used for buying housing units, the possibilities for fraud at this stage are not entirely clear yet.

II.10 At the present time it is planned that the purchase of a housing unit will take place at the local level based on locally available information. This means that a completed voucher card will be sufficient evidence for finalizing a sales contract, without any reference to the central data base in the Estonian State Computing Center (ESCC). This fact makes it possible, if one has received voucher cards from two different locations, to use them separately without any possibility of catching the duplication until after the event. If the duplication is detected at the central data base, it might be months later, by which time it might be too late to correct the duplication.

II.11 Another feature of the voucher scheme is that if a person with vouchers dies, his or her children or other heirs inherit the vouchers. There are possibilities of fraud in this area, too. For example, one child might claim his parents' vouchers at one housing office, another child might claim them elsewhere, resulting in duplicate vouchers.

II.12 People receive vouchers for raising children and taking care of the elderly as well as years worked. There can be fraud or error in this area, too. For example, it is the mother who normally receives the vouchers for raising children. But it is possible that she was divorced, and her husband actually raised them. In this case, he can claim credit for the children; but it is likely that she could claim them as well, and the duplication would go undetected. Fraud in claiming vouchers for the care of the disabled or elderly is probably even easier.

II.13 It may be easy, too, to claim vouchers for raising more children than one actually has.

II.14 The introduction of compensation vouchers, and new uses for vouchers (for buying shares of privatized enterprises, compensation bonds, etc.) will mean new possibilities

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for fraud and error. It is impossible to analyze these possibilities yet, because the new schemes are not yet finally defined.

II.15 Penalties for fraud against the voucher scheme are either ill-defined or non-existent. It is not clear whether a person who was detected in cheating the system could be prosecuted and punished for doing so.

II.16 Some respondents expressed hope that the national identification number in the new Estonian passports will provide a unique personal identification that will help control fraud and error in the voucher scheme. But only about 20% of Estonians have received their passport numbers. And under present procedures only 3,000-4,000 new ones can be issued per day. So it will take more than a year before enough people have passport numbers to make this a worthwhile check on fraud and error -- probably too late to do any good. Furthermore, pensioners are least likely to take out new passports, yet pensioners will get the most vouchers.

II.17 A particular source of error in the voucher program lies in transliteration from names spelled with Cyrillic characters into Latin characters. The same name could be transliterated in several different ways, e.g. Ivanov and Ivanoff, possibly resulting in duplicate entries or errors.

II.18 Even Estonian names, spelled with Latin characters, may be spelled in several different ways. A person present at one interview mentioned that she spelled her name "Võrk" while her husband spelled his name "Work". This too could lead to error or perhaps some kind of fraud.

II.19 Many of the people who administer the Popular Capital Vouchers scheme believe that the Automated Voucher System computer program will prevent cheating and fraud. For example, they believe that the computer program will not allow the same person to be entered into the data base twice. This is true if the spelling of the name, the date of living in Estonia, and the date of birth are exactly the same on both cards. But if there is even one letter different in the spelling of the name, or a slight difference in dates, the program will not catch the duplicate.

II.20 Many people also assume that the computer program checks if the number of vouchers claimed is reasonable, for example they think it would prevent a 20-year-old man from claiming 50 vouchers. But the present version of the program does not check for reasonableness, although it could be changed to do so.

II.21 People not experienced in large computer programs may also imagine that there may be some other protection against fraud built into the computer system. In fact, various kinds of fraud detection and prevention can be built into the computer program, but they must be planned and implemented thoughtfully and carefully. Computer experts alone cannot build sufficient safeguards.

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III Specific Threats and Recommended Counter-measures

This section of the report presents in as much detail as possible the threats to the voucher scheme that were identified during the study, and suggests some possible counter-measures.

A threat is any event that will result in a loss or erroneous cost to the system. It can be deliberate or accidental, caused by human or machine action, and it can arise from a myriad of different sources.

A counter-measure is any type of control that can help to deal with a threat. It can be a manual procedure or a computer sub-program. It can be designed to prevent a threat, detect a threat, or correct a threat. Some counter-measures might be useful against several threats.

In the following pages, threats are listed first, then counter-measures.

The following list of threats and counter-measures is emphatically not complete and final. To make a thorough analysis of threats and counter-measures requires the work of a complete team; a team that includes specialists from at least three different organizations: data-processing; the user; and some auditing organization. For example, for the voucher scheme, the team members could be from the ESCC; the Department of State Property and National Housing Board; and the government inspector general or an outside accounting firm. The author of this report only brings data-processing expertise to the task, not the user's knowledge, nor the auditor's expertise.

III.1 Threats

III.1.1 A person receives two vouchers card, either from two different issuing offices, or at different times from the same office. Both cards get filled in with years worked, then the person has duplicate vouchers.

III.1.2 A person who has worked on a collective farm claims agriculture vouchers; and then claims popular capital vouchers for the same time period without canceling the agricultural vouchers. He or she then has two kinds of vouchers for the same work period.

III.1.3 A person goes to his or her personnel officer, who is a personal friend, and persuades the officer to certify extra years on his or her voucher card.

III.1.4 A person fills in his or her own voucher card, puts down more years or more children than s/he is entitled to, and then forges the signature of a personnel officer and the seal of an enterprise.

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III.1.5 A personnel officer of an enterprise fills out his or her own card; and gives him- or herself credit for years of work when s/he was outside Estonia, and for raising extra children.

III.1.6 A person falsely claims that s/he is older than s/he really is, and worked more years. Based on this claim, more vouchers are given than the person is entitled to.

III.1.7 A person falsely claims to be heir to some recently deceased person, and claims the dead person's vouchers. The responsible office erroneously accepts the claim and gives the person credit for the vouchers.

III.1.8 Several brothers and sisters each claim to be sole heir to their deceased parent, each at a different housing office. Each one gets credit for all of the parent's vouchers.

III.1.9 A person who lived outside Estonia during a certain period claims to have lived and worked in Estonia during the period, and gets vouchers for those years.

III.1.10 A person sells his or her vouchers to another person, and then pretends they are related to each other so that the transfer will be allowed.

III.1.11 Both a husband and wife on their separate forms claim credit for raising their children or taking care of a disabled parent. Because they are divorced and live in different areas, they both get vouchers for the children or elderly person.

III.1.12 A person with two cards uses one to buy an apartment in Tallinn, the other to buy an apartment in Tartu. Both sales are notarized and registered. Months later, the two transactions are finally entered into the central Automated Voucher System, and the duplication is discovered. The person still officially owns both apartments.

III.1.13 A person has two voucher cards, one with his name spelled "Ivanov", the other with the name spelled "Ivanoff". He uses one card to buy an apartment in Tartu, the other to buy an apartment in Tallinn. When the transactions go into the central Automated Voucher System, the duplication is not discovered because the names are spelled differently.

III.1.14 A person with vouchers uses them first to purchase his or her housing unit. The officer making the sale, through ignorance, gives the voucher card back to the person. Then s/he uses the same vouchers again to purchase compensation bonds, shares in a fund or some other investment.

III.2 Countermeasures

III.2.1 Under present procedures, vouchers are issued and used at the local level. The central computer program merely registers what has already happened at local levels. This makes it impossible to apply uniform controls over the whole system. In particular, it allows a person to get and use vouchers in two different locations.

The counter-measure to this is to centralize the vouchers to a certain extent. Do not allow any use of vouchers, whether purchase of housing or other uses, until the central Automated Voucher System at the ESCC accepts the transaction. This will allow many other checks and controls to be installed at the central registry.

This counter-measure will add time to transactions; they cannot be completed until the ESCC acts. And it will require extra personnel at the ESCC to administer. But it will be the best possible way to control the system and prevent fraud and error.

It may help to think of the vouchers as something like money, and the voucher system as a whole as a sort of bank. The bank accepts checks for deposit, but only gives the customers credit for them when the checks clear. And the customer cannot withdraw cash until some central data base verifies that he does legitimately have money in his account.

Likewise, people should not get credit for vouchers until the validity of the vouchers can be checked, which can only be done at the central data base. And they should not be allowed to use their vouchers until the central data base verifies that they are legitimate.

Note that this countermeasure does not require a data communications link between ESCC and local offices. The request for a transaction from the local office, and ESCC's approval, can be transmitted just as easily by mail or messenger as by telecommunications, albeit more slowly.

III.2.2 Change the Automated Voucher System computer program so that it estimates the maximum number of vouchers possible for an individual. One formula for such a check would be to multiple the number of children by five, and add the person's age minus 15. For a person 30 years old with one child, this formula would calculate that the person ought to receive a maximum of 20 vouchers.

If the person claims more vouchers than the formula calculates, then a clerk should check the voucher card carefully to see why. In some cases, it would be legitimate, in others the clerk would discover error or fraud.

The formula and the clerical checking could be applied both at the local level, and again at the ESCC. The vouchers should not be entered into the system, nor should they be allowed to be used, until they pass the test.

III.2.3 The Automated Voucher System computer program already compares names being entered into it with those already in the data base, and flags them before accepting them. But it cannot catch all duplications because of variations in spelling and dates.

Therefore, there should be manual, human checks of the data base from time to time. A complete list of all names, and corresponding birth dates, should be printed out for a trained person to go through. A human will be able to find duplicates that the computer cannot.

III.2.4 Parliament should pass a law specifically forbidding fraud against the voucher scheme, and providing penalties for such fraud. While this will not detect or correct frauds, it should serve to prevent them from occurring in the first place, by discouraging dishonest persons from taking advantage of the system.

III.2.5 There should be a periodic audit of the entire voucher system, especially spot checks of input documents such as filled-in yellow cards. Trained clerks could detect some obvious fraud during an audit, and might spot some patterns of abuse.

An audit can be designed to detect almost any threat to the system, including all those mentioned above. If it is conscientiously carried out, the extent of cheating to the system should be reduced. In addition, audits may discover patterns of fraud, or unforeseen types of fraud. This would help in the design of more counter-measures.

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IV Methodology

Housing privatization is the most visible aspect of the government of Estonia's overall privatization program. It is the aspect that affects the most people, and it thus has the most potential for giving the reform program either a good or a bad name. If it is perceived as unfair and discriminatory, it will give reform a bad name. If it is perceived as fair and well-administered, it will make reform and the new democratic government more acceptable to the public at large.

One of the things that could make the scheme seem unfair is if it is perceived as being prone to abuse and fraud, so that some people are seen as getting away with cheating the system. It is therefore clearly important to prevent fraud in the popular privatization program.

This study is meant to be a step in preventing fraud and error, by first identifying the sources of error, the threats; and then suggesting ways to overcome those sources of error, the counter-measures.

To identify the threats, and generate ideas for counter-measures, the author prepared a standard questionnaire to use as a framework for interviews with responsible officials. The questionnaire was translated into Estonian, and given to persons to be interviewed.

The questionnaire was designed not to elicit any particular preconceived details, but to serve as a stimulus to discussion. And in fact, the interviews were quite wide-ranging, and were not hemmed in by preconceptions.

The study also drew on information collected for the study entitled "Implementation Assessment", which was conducted just prior to this one. During that study, an even larger number of interviews were conducted, in a broader geographic range than these interviews. Many respondents in that study made suggestions which contributed to this study, both by suggesting areas for questioning and by giving insights into actual conditions in local offices.

It should be noted again that this study is only a pilot, and cannot be taken as a definitive work on fraud in the voucher scheme. This is because a definitive study requires a team with broader expertise and responsibility than the author; and because the voucher scheme will undergo important changes in the near future. Fraud is an important area to study, and the government of Estonia should undertake a complete study of it in the near future.

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V Conclusions & Recommendations

There will be some fraud and abuse of the voucher system during the privatization process, as well as much simple error. If these become too prevalent, they could threaten the whole process, and shake public confidence. It is impossible to avoid all fraud; but every effort should be made to minimize it.

There are so many possible sources of fraud and error, that a broad approach is needed to deal with it. This study recommends that a small group should be set up to consider the question and recommend actions. It should include three types of expertise: information systems; the user (that is, the voucher administrators); and auditing. Such a group might include representatives of the Department of State Property, the State Computing Center, the National Housing Office, local governments, and a governmental or private auditing firm.

A second recommendation is that the counter-measures discussed in this study should be carefully evaluated by the government of Estonia. They should be put into practice to prevent or detect the kinds of fraud and error that have already been identified by this study. The most important of the counter-measures would be to change the rules about buying property so that the central data base must be checked before a purchase can be final.

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VI Appendices:

Appendix A. List of Interviewees

Mrs. Tiiu Strauss
Project Manager
Estonian State Computing Center

Peeter Kuuts
Project Manager
Statistical Information Center

Mrs. Liidia Molder
Deputy Chairman
Housing Privatization Committee
Tallinn Property Board

Mrs. Rutt Lumi
Manager
Tallinn Pension Office

Ruslan Dontsov
Chairman of the Board
Estonian Savings Bank

Jaan Jaremtshuk
MIS Manager
Estonian Savings Bank

Mrs. Kaljusmaa
Head of Retail Operations
Estonian Savings Bank

Uku Hanni
Consultant
Ministry of Finance

August Koppel
Manager
Oismae Housing board

Mrs. Revjagin
Clerk
Oismae Housing Board

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Endel Kaljusmaa
Economic Director
National Housing Board

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Appendix B. Questionnaires Used in Interviews

QUESTIONS ABOUT FRAUD & ERROR

The following questions do not in any way reflect suspicion that any official is dishonest or incompetent. They are meant simply to identify possible future problems so that the problems may be prevented.

Please respond with your mind open to any possibility of fraud or error, even possibilities that might ordinarily seem absurd or far-fetched. Later in the study, we will take a more critical approach and eliminate unlikely and unrealistic possibilities. But for now we want to stimulate all sorts of ideas and thoughts about possible frauds and errors in the system.

Issuing the card

1. Exactly what officials issue cards? Housing office clerks and who else? (please mention especially those who may issue only a few cards)

2. How is it possible for an individual to get one card from one official, such as a housing officer, and another from one of the other officials issuing cards? Or even two cards from one official?

3. How many people have two or more apartments, in their own or their spouse or family's name, where they are registered with the housing office?

Filling in years worked

4. What officials fill in years worked? Enterprise personnel officers, pension officers, and who else? (please mention especially those who may fill in only a few cards)

5. How can a person get one card filled in by one official, another card filled in by a second official?

6. How can an individual get more years than they are entitled to added to the voucher card by a responsible official?

7. How can an individual get credit for more children than they actually have in order to claim extra vouchers?

8. Can signatures and seals of officials who fill in years worked by forged easily? How can such forgery be detected?

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Buying a housing unit

9. What officials make the final contracts to buy a housing unit with vouchers?

10. How can such officials be deceived into selling the housing unit to someone who has fewer vouchers than they claim?

Errors

11. What kinds of errors can be, and have been, made in filling out voucher cards? (One error that is easy to make is mis-spelling names due to transcribing from Cyrillic to Latin alphabets.) Discuss.

General

12. What are the penalties at present for fraudulently obtaining or using vouchers and voucher cards?

13. Do present identification records -- Soviet passport, Estonian passport, and housing office records -- all include uniquely identifying information, that is both name and birth date or other distinguishing datum?

14. How many people have two or more passports? Is there any way that duplicate passports can be used to defraud the voucher program? How?

Suggestions for counter-measures

15. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in issuing cards.

16. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in filling in years worked.

17. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in buying a housing unit.

18. Please try to think of, and suggest, ways to prevent any other possible frauds or errors you can think of.

Questions for Statistical Office

19. How many people have been issued their national identity number, the new passport number?

20. Are all those who are eligible for vouchers also eligible for a national identity number? Popular Capital Vouchers? Compensation vouchers?

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JUNE1993

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ASSET DISTRIBUTION PROGRAMS OF THE REPUBLIC OF ESTONIA

POLICY AND PROCEDURAL RECOMMENDATIONS

ADMINISTRATIVE AND STRUCTURAL RECOMMENDATIONS

Deliverable

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Task III, Asset Distribution Programs

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Tohmatsu
International

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ASSET DISTRIBUTION PROGRAMS OF THE
REPUBLIC OF ESTONIA

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INTRODUCTION

The attached report outlines and provides recommendations on the Government of Estonia's programs for housing privatization, restitution and compensation, agricultural privatization, and large enterprise privatization. In addition, it provides a series of findings and recommendations concerning the administrative structure of the housing privatization program which has been highlighted as the highest priority program for the Government.

The report is the result interviews and investigation conducted by members of the Deloitte & Touche consortium team both in Estonia and in the United States between June and September 1992. The team was tasked to provide advice on the integration and implementation of the various asset transfer programs being pursued by the Government of Estonia. In addition, the team provided on-site assistance in identifying and developing appropriate administrative structures and reporting relationships to support the most important asset distribution program of the Government -- the housing voucher program. The team has provided recommendations concerning appropriate administrative structures, including procedures, staffing needs and costs, and forms.

This report is in draft form and reflects data gathered up to September 1992. The Deloitte & Touche team will gather additional data concerning the administrative structure of housing privatization and will finalize its recommendations during January and will submit its final report on or before February 15, 1992.

SECTION I - ASSET DISTRIBUTION POLICY AND PROCEDURE

MEMORANDUM ON INTEGRATION OF ESTONIAN PRIVATIZATION PROGRAMS

The four Estonian privatization and asset distribution programs have been developed by a number of different organizations, but they are interrelated in several ways. The purpose of this memorandum is to outline the most important areas of that interrelationship and to make recommendations about maximizing the coordination of these programs.

One of the simplest ways to evaluate the relationships between the different Estonian privatization programs is to assess how they affect individual Estonian citizens. Most Estonian citizens will be affected by at least two of the programs - housing privatization and large enterprise privatization - because they will have to decide whether to participate in one or both of them. Many Estonians will be affected also by the restitution/compensation program and/or by agricultural privatization. As a result, inconsistencies and uncoordinated scheduling between the programs will make it very difficult for individuals to make decisions about how to participate in privatization. In addition, some of the programs have common challenges which could be worked out more efficiently on a joint basis than singly. The following is a list of some of the most important issues that encompass more than one privatization program. It is not intended to be a comprehensive list, but to emphasize the considerable overlap of these different programs. (This memorandum is also accompanied by a chart which outlines the characteristics of the four privatization programs and which also illustrates their interrelationship.)

ISSUES

1. Convertibility.

   There is considerable convertibility between the different privatization instruments. Housing vouchers can be converted to popular capital obligations and agricultural labor shares can be converted to either housing vouchers or popular capital obligations. Compensation securities can be used for the same purposes as housing vouchers or popular capital obligations, i.e. to purchase privatized housing or enterprise shares. There is a need to coordinate the timing and method of these conversions. It is also critically important for each program to be able to communicate to the other programs how many privatization instruments are and are

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not being used, so that the other privatization programs can be prepared for conversions into their programs.

2. Priority.

Each privatization program, except for possibly agriculture, establishes some priority for use of privatization instruments or access to privatization assets. It should be ensured that these priority provisions are consistent across all of the programs.

3. Restitution/compensation valuation.

All of the privatization programs are held back in some way by the lack of a valuation methodology for restitution/compensation claims.

4. Local/center communication.

The housing, agricultural, and restitution/compensation programs give considerable responsibility to local authorities. It is not clear that the central authorities are fully informed of the procedures that are being implemented locally to deal with the unknowns of the privatization process. (An example is the local development of leasing restitution properties, pending the establishment of a valuation methodology.) Furthermore, these local improvisations are unlikely to be consistent across the country. In addition, procedures are not always established for sending information about privatization policies from the central to the local authorities.

5. Financing.

Both the housing and the restitution programs require the development of financing programs. In the case of housing, individuals may need financing to supplement their housing vouchers. In the case of restitution, individuals whose property has increased in value have to reimburse the Government. Many of these individuals will require some form of financing or installment payment program to pay for this increase in property value.

6. Privatization instrument design.

It has not yet been determined whether the popular capital obligations and

compensation securities will be physical securities or computer based accounts. Decisions made in one program will have an impact on the other. For example, there may be significant synergies in having both instruments either physical securities or computer based accounts, in which case there would be a strong argument for their having parallel designs.

7. State Computing Center.

All of the privatization programs rely on the capabilities of the State Computing Center. It would maximize efficiency for one person or organization to coordinate the demands being made on the State Computing Center.

8. Funding.

Cash conversion for compensation securities and financing for the Estonian Privatization Company both rely on income from large enterprise privatization. It will be necessary to agree upon how this income is allocated between these two claims.

RECOMMENDATIONS

The Deloitte & Touche team's principal recommendation is that coordination of the privatization programs be maximized, in light of these programs' close de facto interconnections. Such coordination could be accomplished in the following ways, which are listed from most to least forceful:

1. Assign responsibility for coordinating the programs and making binding decisions about necessary trade-offs to one organization. The Government of Estonia has appointed a Minister of Reform who could meaningfully take responsibility for this coordination.

2. Assign responsibility for coordinating the programs to one organization that will have the authority to coordinate and recommend but not to make and enforce decisions. Final decisions will be up to the individual organizations.

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3. Establish a coordinating committee with representatives from each privatization program.

4. Increase integration of the agricultural privatization program, which appears to have the lowest coordination with the other programs. If none of options 1-3 above are chosen, and therefore there are no institutional changes, agricultural privatization could be better integrated by establishing a link directly between the Ministry of Agriculture and the Ministry of Economics. The Ministry of Economics is the one organization which is already most closely involved in the other three privatization programs and is therefore best positioned to encourage the informal coordination of all four programs.

The team also recommends that the Government of Estonia continue to strengthen the Central Restitution Commission as the single authority responsible for restitution/compensation, as is discussed in more detail in the accompanying memoranda. The lack of a clear and strong authority causes delays in developing this critically important program, causes confusion among those working on the program and the many individuals eligible for restitution/compensation, and makes it more difficult for this program to be coordinated with the others.

The most important responsibilities of a single privatization coordinating body include the following:

1. Creating an integrated schedule for implementation of all of the privatization programs and avoiding any bottle necks.

2. Ensuring that all necessary legislation and regulations related to privatization are developed and evaluated with consideration of their impact on all of the different privatization programs.

3. Designing a model of all of the assets that are potentially to be privatized and all of the potential claims on those assets. This is important for managing the privatization processes, anticipating the effect of conversions from one program to another, determining the appropriate kroon value of popular capital obligations, etc.

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4. Resolving common issues such as financing, priority access to privatized assets, use of accounts vs. physical securities, and related issues noted on page one of this memorandum, in a coordinated and efficient manner.

5. Providing coordinated instructions to the State Computing Center.

6. Improving the information flow from central to local authorities and vice versa.

7. Designing and implementing a public relations program to ensure that the public is well informed about the privatization programs, how the programs fit together, and their options under these programs.

IMPLEMENTATION:

The accompanying memoranda provide in-depth descriptions and analyses of the four privatization programs and conclude with recommendations for dealing with outstanding economic and political issues, program design and implementation issues and organization. With the exception of the organizational issues, most of the recommendations in the other categories can all be pursued at the current organizational levels. For example, recommendations made about the housing program could be implemented by the State Housing Board and the State Property Board.

Two of our recommendations, however, would require institutional changes. The first is the establishment or designation of one authority with responsibility for the restitution/compensation program. It is our understanding that such a step would require the approval of Parliament. Our host-country beneficiary in this project has been the Government of Estonia, which would have to make this recommendation to Parliament.

The second is the establishment or designation of one authority to coordinate all of the privatization programs. It is our understanding that establishing a new organization with responsibility for coordination and decision making, or establishing an organization which acts solely as a coordinating body would require the approval of Parliament. It seems probable that the less powerful coordinating structures, such as joint committees, or simply improved information flows (recommendations (3) and (4)), could be implemented by the appropriate ministries and other involved organizations. In that case the D&T team strongly urges that consideration be given to calling a meeting of all relevant organizations to review possible procedures for increasing the integration of Estonia's privatization programs.

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SUMMARY OF PRIVATIZATION PROGRAM CHARACTERISTICS

Program:	Housing	Large enterprise	Compensation	Agriculture
Voucher characteristics				
Eligibility:	Legal res. on 1/1/92 and heirs	Same as housing	Res. on 6/16/40 whose property expropriated and heirs	Those living on farms and heirs
Convertibility:	To large enterprise program	None	Same uses as housing and lg. enterprise	To housing and lg. enterprise
Denomination:	Kroon	Kroon	Kroon	Kroon
Tradeability:	No	Not decided	Not decided	To others elig. for ag. voucher
Account or physical instrument:	Account	Not decided	Not decided	Instrument
Tenor:	Expire April 1, '97	Not clear	Apparently unlimited	Not clear
Value:	50% of avg. mo'ly salary	Not decided	Not decided	Differ by farm
Priority:	Yes, but details unclear	Yes, but details unclear	Yes, but details not decided	None apparent
Interest bearing:	No	No	Yes (in draft)	No
Convertible to cash:	No	No	Possibly	By selling to 3rd party

HOUSING PRIVATIZATION

POLICY MEMORANDUM I

HOUSING PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the housing privatization program.

The primary objectives of the housing privatization program are to encourage home ownership in Estonia, to return to the population some value for the low wages that they received during the years of Soviet rule, and to remove housing from the responsibility of the Government.

Housing privatization is limited to residential buildings and flats. There are a few exceptions to property which can be privatized, the most notable of which is property subject to restitution to former owners and their heirs.

Approximately 65% of residential housing in Estonia is State-owned. In order to effect the transfer of this property from the Government to private individuals on an equitable basis, the Government of Estonia has developed a voucher-based program.

Permanent residents of Estonia as of January 1, 1992 have the right to apply for housing vouchers[1] which will be distributed free of charge. Each individual will receive one square meter worth of such space for each year that he or she has worked as well as for a number of other activities, including but not limited to time spent studying, caring for infants or the elderly, and time spent in prison if the individual has been rehabilitated. The value of a voucher will be based on the value of one "standard" square meter of living space as defined by the National Housing Board.

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[1]The terminology regarding housing vouchers and popular capital obligations is somewhat confusing. Every individual who was a permanent resident of Estonia as of January 1, 1992 is entitled, on the basis of work years, to a share of the state's assets. This share is frequently referred to as "popular capital obligations." This share can be used to purchase housing and/or shares in large privatizing enterprises. However, if the share is used to purchase housing, it is frequently referred to as a "housing voucher." If the share is not used or not fully used to purchase housing, then it can be converted and used in large enterprise privatization. The conversion instrument is also frequently referred to as a "popular capital obligation." These memoranda will use the term "popular capital obligation" only when referring to instruments being used for large enterprise privatization.

Vouchers can then be used to purchase the home in which an individual currently lives, to purchase vacant housing space, or to convert them to popular capital obligations to acquire ownership of other assets that are being privatized by the Government of Estonia, such as large enterprises. (The details of the conversion to popular capital obligations have not yet been worked out.) The vouchers can be used for housing purchases until April 1, 1997.

2. Current status of the housing privatization program.

Of the four asset distribution programs in Estonia (housing, large enterprises, agriculture and compensation/restitution), housing privatization is the most advanced. The key laws and decrees (summarized in the accompanying appendix) have been passed and voucher application forms are scheduled to be distributed beginning September 1, 1992. The preliminary deadline for completion of the forms is April 1, 1993, although this may be extended. Additional forms and instructions have been completed for every aspect of the home acquisition process, including for verifying the work data on the voucher card, applying to acquire one's home, establishing housing values, and making a housing purchase. Therefore, individuals can initiate the entire process of home acquisition when they receive their voucher application card in September. The principal exception concerns financing for individuals who will need to supplement the value of their vouchers in order to acquire their homes. Work on a financing program is in process and is due for completion no later than year end.

3. Key players in the housing privatization process

Special Commission on Housing Privatization
National Housing Board
Ministry of Construction
State Property Board
Ministry of Economy
State Computing Center
Local housing offices

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4. Outstanding issues

ECONOMIC :

a. We are not aware of any attempt to estimate the number of housing vouchers that will be used and the relationship that this bears to (1) the total housing stock in Estonia and (2) the impact on the market value of that housing. This is important information to estimate and refine in order to manage the housing privatization process. It is also important to estimate how many housing vouchers will be used in housing, because the remaining vouchers are available for use in large enterprise privatization.

b. Rent reform is underway, but it will be critical to closely coordinate the all-in costs of home ownership vs. renting to encourage maximum home ownership.

c. A home mortgage program is being developed through the establishment of a government mortgage bank. We recommend that the funds earmarked to establish a government bank be used instead to support the establishment of a mortgage market in the commercial banking sector.

POLITICAL:

a. All privatization programs in Estonia, including housing, are highly politicized because everyone is affected financially by these programs. If there are major problems in implementing housing privatization, this will not become apparent until later in 1992 or 1993, when it could become a controversial issue.

b. It has been estimated that approximately 10% of housing is covered by restitution claims. This housing cannot be restored until it can be valued, and the valuation methodology is highly politicized. This methodology will not be resolved until the new Parliament convenes.

c. There is a risk that after the Parliamentary elections there will be new political appointments to key Government positions, in which case some of the established expertise in housing and other privatization could be lost.

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PROGRAM DESIGN MEMORANDUM I

HOUSING PRIVATIZATION IN ESTONIA

1. Voucher characteristics.

The first section of this memorandum will describe the characteristics of the vouchers to be used for housing privatization. (This section is standardized in the policy design memoranda for all four privatization programs to facilitate comparison.) For housing the key features are as follows:.

a. Eligibility.

Legal residents as of January 1, 1992 over the age of 18 and their heirs. Individuals receive one voucher for each year worked in Estonia since January 1, 1945 (with some adjustments for years in university, raising children, etc.).

b. Convertibility.

Vouchers that are not used for housing purchases can be converted and used to purchase shares in government enterprises that are being privatized. The method of this conversion is still being worked out by the Government.

c. Denomination.

One voucher is worth one square meter of a standard nine-story home (type 121-02-E). It is denominated in kroon.

d. Tradeability.

There is currently no provision for housing vouchers to be sold. Vouchers can be given to parents, spouse, descendants, sisters, brothers and their relatives, on the condition that they have been living in Estonia for at least the last 5 years. Vouchers of one family can also be pooled.

e. An account or a physical instrument?

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The housing vouchers will be maintained in computer based accounts. Individuals will complete voucher application cards and they will receive notices of their voucher balances, but there will be no physical value-bearing voucher instrument.

f. Tenor.

The housing vouchers can be used until April 1, 1997. This date can be extended by six months if the vouchers are inherited due to the death of the original voucher holder.

g. Value.

The value of one voucher for standard housing is 100 kroon, which is equivalent to 50% of the average monthly salary. This minimum will be adjusted for inflation. Eligible residents will receive one voucher for each year worked (or equivalent).

h. Priority in receipt or use.

Article 5 of the Law on Privatization of State-Owned and Municipal Housing lists those who have priority in receiving housing, such as tenants with existing leases and those in buildings undergoing extensive repairs. Vacant housing is allocated first to people who lost their homes due to restitution and to those with popular capital vouchers and compensation securities. The details are to be decided by local housing commissions. This does not appear to be very clear in the law.

i. Interest bearing?

No

j. Convertible into cash?

No.

2. <u>Program design and implementation</u>

The Deloitte and Touche Consortium has devoted considerable effort this summer to

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working with the Government of Estonia on the design and implementation of the housing privatization program. As is described in the accompanying Policy Memorandum, the housing privatization program will begin in Septemb - 1992. We believe that the following elements are important to ensure the maximu . success of the housing privatization program:

a. An opinion poll to determine the likely scale of home purchases as well as any the need for any changes to the housing privatization program. For example, a poll could test whether tax concessions would be influential in making a decision about home ownership.

b. A program to provide supplemental financing for individuals whose allocated vouchers are not sufficient to purchase their housing space. We understand that such a program is due to be completed before the end of 1992 and that the focus of this program will be a government owned mortgage bank. Although the most critical point is that financing be readily available, we urge consideration of providing mortgage facilities through the commercial banking sector, in order to encourage the independent growth of this important market activity.

c. An extensive public relations campaign to disseminate information and answer questions about the housing privatization program, Such a program is underway; therefore, we only urge that it be as extensive as possible, given the complexities of the housing privatization process.

d. Close coordination of rent reform so that there is an appropriate relationship between the cost of home ownership and renting.

e. Review of the regulations establishing priority in receiving housing, to ensure that they are clear and fair.

f. The National Population Register in Estonia has not been completed; therefore it will not be possible to control fraud by checking housing voucher applications against the National Population Register data. A decision should be made about whether to check the information retroactively - approximately one year from now - to discourage fraud.

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g. An effort to build communications links between housing and large enterprise privatization programs.

3. Organization and coordination

The housing privatization program has benefitted from a high degree of coordination between the relevant government bodies. This seems to be due in large part to the existence of the Special Commission on Housing Privatization, which has brought the appropriate individuals from different parts of government into regular contact.

We recommend, in addition, that close ties be forged with the organizations responsible for large enterprise privatization. This is important because any vouchers that are not used for housing privatization are eligible for use in large enterprise privatization. Therefore their degree of use or non-use in housing will have a significant impact on this other program.

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APPENDIX I
HOUSING PRIVATIZATION PROGRAM DESIGN MEMORANDUM

DOCUMENTS

Law on the Principles of Property Reform - June 13, 1991.

Law on Privatization of State Owned and Municipal Residential Buildings and Flats, April 16, 1992. Implementation decree of May 4, 1992.

Government Decree # 416 of June 30, 1992 regarding privatization of living space and implementation of Law on Privatization of State Owned and Municipal Residential Buildings and Flats. Includes methodology for valuing housing. Approved on August 5, 1992.

Government Decree # 226 of August 5, 1992, containing the following:

- -Directions for Completing Popular Capital Obligation Card
- -Use of Popular Capital Obligation Card for Privatization of Housing
- -Order of Transferring Title for Privatized Housing
- -Order of Transferring Popular Capital Obligations

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LAW
of the Republic of Estonia on the Principles of Property Reform

I. General Provisions

Article 1. The Tasks of the Law

The Law on the Bases of Property Reform shall determine the aim, content, object and subjects of property reform, the procedures for property reform, and shall be the basis for other legal documents necessary for property reform.

Article 2. The Aim of Property Reform

1) The aim of property reform shall be the re-structuring of property relationships in order to guarantee the inviolability of property and free enterprise, to make good the injustices carried out by the violation of property rights, and to create conditions for the transition to a market economy.

2) In the process of property reform, the return of property or compensation paid to previous owners or to their heirs must not imperil the interests of other persons which are protected by law, nor should it result in new injustices.

Article 3. Content and Object of Property Reform

1) In the process of property reform, the following illegally expropriated property shall be returned or compensated:

(1) property nationalized on the basis of legal documents which were declared illegal by the December 19, 1990 Resolution of the Supreme Council of the Republic of Estonia, "On the Restoration of the Continuity of Property Rights" (de-nationalization);

(2) property collectivized during collectivization (de-collectivization);

(3) property which was expropriated through illegal repressions or other methods which violated the rights of the owner.

2) In the process of property reform, the form of property ownership shall be changed as follows:

(1) state property shall be transferred free of charge to municipal ownership (municipalization of property);

(2) property which is state property or property transferred to municipal ownership shall be transferred to private

ownership either for payment or free of charge (privatization of property);

(3) property which was previously transferred free of charge from state to cooperative, state-cooperative and community organization ownership, shall be returned to the Republic of Estonia (re-nationalization of property).

3) Property shall be returned, compensated or transferred under the conditions and in the manner stipulated in the present Law and in other legal documents of the Republic of Estonia.

Article 4. Rightful Subjects of Property Reform

The rightful subjects of property reform are persons, including the state, who, according to the law, have the right to demand the return of property or compensation, or the right to demand or apply for the transfer of property, either for payment or free of charge.

Article 5. Obligated Subjects of Property Reform

The obligated subjects of property reform are the state and other persons, who, according to the law, are obligated to return or compensate property to the rightful subjects of property reform, or to transfer the property either for payment or free of charge.

II. Return and Compensation of Illegally Expropriated Property

Article 6. Interpretation of Illegal Expropriation of Property

1) The illegal expropriation of property is the removal of property against the wishes of the owner, or the placing of the owner in the position where, due to genuine danger of repression, he/she is forced to give up or abandon the property; if the legal act, on the basis of which property was expropriated, is declared illegal or when the property was expropriated on the basis of illegal resolutions or due to an arbitrary act by an official.

2) Illegal expropriation of property in the present Law refers to the expropriation of property through nationalization, collectivization, illegal repressions, including mass repressions and other methods referred to in Paragraph 1 of the present Article, carried out in the period June 16, 1940 to June 1, 1981.

3) Illegal repression in the present Law refers to repressions carried out by the courts and outside the jurisdiction of the courts (death penalty, imprisonment, exile or deportation) on the basis of illegal, or later declared to be illegal, resolutions.

4) Genuine danger of repression in the present Law refers to the threat of repressions carried out by the courts or outside the jurisdiction of the courts death penalty, imprisonment, exile or deportation).

5) Illegally expropriated property shall be returned or compensated on an integral basis, independent of the method of illegal expropriation described in Paragraph 2 of the present Article, with the exception of the specified cases in Paragraph 3 of Article 13 and Article 14 of the present Law.

Article 7. Previous Owners of Illegally Expropriated Property As Rightful Subjects of Property Reform

1) The return or compensation of illegally expropriated property shall be rightfully demanded by:

(1) persons whose property was nationalized, or collectivized, as well as persons whose property was expropriated in the process of illegal repressions and who have been rehabilitated if they live permanently on the territory of the Republic of Estonia, which is currently under the jurisdiction of the Republic of Estonia at the time the present Law came into effect, or if they were citizens of the Republic of Estonia on June 16, 1940;

(2) persons whose property was expropriated on the basis of illegal resolutions or due to arbitrary acts by officials or who were forced to give up or abandon their property due to the genuine danger of repression, if they live permanently on the territory of the Republic of Estonia which is currently under the jurisdiction of the Republic of Estonia at the time the present Law came into effect, or if they were citizens of the Republic of Estonia on June 16, 1940, and the existence of the illegal resolutions the arbitrary acts of officials or genuine danger of repression is proven in court;

(3) persons who are heirs of persons described in Points 1 and 2 of the present Paragraph, according to the interpretation and conditions established in Article 8 of the present Law;

(4) organizations, according to the interpretation and conditions estabished in Article 9 of the present Law;
(5) districts, townships and towns of the Republic of Estonia with local government status, as well as counties and cities of republican subordination, on whose territory illegally expropriated municipal property was located on June 16, 1940;
(6) property of the Republic of Estonia which was owned by the Republic of Estonia on June 16, 1940.

2) Applications to return or compensate illegally expropriated property in the Republic of Estonia which was owned by foreign states, their legal entities and citizens, as well as stateless persons, excluding persons described in Points 1-4 of Paragraph 1 of the present Article shall be resolved by mutual agreement between the Republic of Estonia and the respective state.

Article 8. Heirs As Rightful Subjects of Property Reform

1) Should the previous owner of illegally expropriated property be deceased and he/she has prepared a will, the rightful subjects of property reform shall be the heirs who are explicitly stated in the will.

2) The will of the previous owner must have been prepared in accordance with the laws in force at the time, and before the illegal expropriation of the property mentioned in the will, or after the coming into effect of the present Law.

3) Should the previous owner of the illegally expropriated property be deceased, but no will is in existence, or it is not in accord with Article 2 of the present Law, or the will does not include all the illegally expropriated property, then the rightful subjects of property reform of either all the illegally expropriated property or the portion not covered by the will, shall be:

(1) the parents, spouse and children of the previous owner, in equal shares;
(2) the spouse of the child of the previous owner, should the child of the previous owner be deceased (unrelated to the date of decease), as well as the grandchildren of the previous owner and other descending relatives, should their parent be deceased (unrelated to the date of decease), in equal shares, whereby they have the right to demand the return, or compensation, of only that property to which their spouse or parent would have the right.

4) Adoptive parents and adopted children have rights, in the return of illegally expropriated property, equal to the persons described in Paragraphs 1 and 3 of the present Article.

5) The heirs of illegally expropriated property shall be only those persons described in the present Article. Should the heir of the previous owner be deceased, the right to apply for that portion of the estate shall not be transferred to the heir's heirs, except in the cases of persons described in Point 2 of Paragraph 3 of the present Article.

Article 9. Organizations As Rightful Subjects of Property Reform

1) Community and religious organizations, which operated until June 16, 1940 and whose statutory activity has not been terminated, are rightful subjects of property reform.

2) The right of those organizations described in Paragraph 1 of the present Article to be rightful subjects of property reform shall be recognized by the court, and disputes between organizations shall be resolved by the court.

Article 10. Procedures For Recognition of Organizations As Rightful Subjects of Property Reform

1) The court having received an application to be recognized as a rightful subject of property reform from an organization described in Paragraph 1 of Article 9 of the present Law shall place an appropriate advertisement in a national newspaper within ten days.

2) All persons, who object to the afore-mentioned application, are obligated to notify the court within three months of the day of publication of the advertisement.

3) The court shall call upon all persons referred to in Paragraphs 1 and 2 of the present Article in considering the case.

4) The application referred to in Paragraph 1 of the present Article must be presented to the court according to the location of the organization on June 16, 1940.

Article 11. Illegally Expropriated Property As Subjects of Property Reform

1) The objects of property reform are illegally expropria-

ted land and other natural objects, buildings, ships, agricultural inventory, factory fittings, stocks and shares, not taking into account the debts associated with them.

2) The value of property which is an object of property reform shall be determined in the manner determined by the Supreme Council of the Republic of Estonia.

Article 12. Return of Illegally Expropriated Property

1) State and local government bodies, and other legal and physical entities, under whose ownership is the illegally expropriated property which is subject to property reform, shall be obligated to return it to the rightful subject, unless the present Law otherwise states.

2) If the property to be returned is rightfully claimed by numerous persons, the property shall be returned if at least one of the persons demands it. The person who receives the returned property must compensate the respective parts to the other persons.

3) Illegally expropriated property which is an object of property reform shall not be liable for return if:

(1) the rightful subjects of property reform do not demand the return of the property, but request compensation;
(2) the property is no longer in existence in its original unitary form;
(3) the property is under a person's good-faith ownership;
(4) the property is a building under the ownership of the state, legal entity or municipality, which is occupied by physical or legal entities on the basis of a rental agreement, and the rightful subject is not prepared to adopt the rights and obligations resulting from the present agreement;
(5) by decision of the Supreme Council of the Republic of Estonia, the return of a cultural or community object, or an object under the protection of the state, damages the interests of the Republic of Estonia, or, by decision of a local government council, the return of a cultural or community object currently under municipal control or on its administrative territory or object under local protection damages the interests of the local administrative body;
(6) the property is located on territory which currently is not under the jurisdiction of the Republic of Estonia. Questions relating to the return of the afore-mentioned property shall be resolved by inter-state negotiations. Rightful subjects of property reform have the right to demand compensation, in which case they lose the right to demand the return of the property at a later date.

4) Residential property, under the ownership of the state, a legal entity or municipality, which is occupied by physical entities (persons) as residential accommodation based upon a rental agreement shall be liable for return only should the rightful subject of property reform, who demands the return of the property, take upon his/herself all the rights and obligations resulting from the rental agreement entered into by the renter. The renters living in residential property which is liable for return have the right, in the present case, to apply for new living space.

5) Procedural questions in the return of property shall be decided by the Government of the Republic of Estonia or the executive body of the local government, in the manner determined by the Government of the Republic of Estonia.

6) By decision of the Supreme Council of the Republic of Estonia or local government council, it shall be possible to obligate that the current utilization or the fulfillment of protective procedures in respect of the property be continued. Fulfillment of the above-mentioned responsibility shall be guaranteed by an agreement entered into by the Government of the Republic of Estonia, or the executive body of local government, and the rightful subject of property reform.

Article 13. Compensation Of Illegally Expropriated Property

1) If illegally expropriated property, which is an object of property reform, is no longer in existence, or it is not returned according to Paragraphs 3 and 4 of Article 12 of the present Law, or if the property is stocks or bonds, then the state shall provide compensation. Physical entities (persons), legal entities and local government bodies, who have under their control illegally expropriated property, which is not returned according to the cases specified in Paragraphs 3 and 4 in the present Law, or under whose control the property has been destroyed, or has passed from its control in some other way, are not obligated to provide compensation, except in the cases specified in Article 14 in the present Law.

2) The value of the property shall be compensated to the persons detailed Points 1-4 of Paragraph 1 of Article 7 of the present Law.

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3) The illegally expropriated property of illegally repressed and rehabilitated persons, which is not a subject of property reform according to Article 11 Paragraph 1 shall also be compensated to the extent determined by the Supreme Council of the Republic of Estonia.

4) Unreceived profits shall not be compensated.

5) The value of the property shall be compensated based on the value at the time of illegal expropriation. If the value of the returned property has decreased, the difference in value shall be compensated. If the value of the returned property has increased, the person, to whom the property has been returned, shall compensate the difference in value.

6) If it is not possible to determine the value of the illegally expropriated property, it shall be compensated to the extent determined by the Supreme Council of the Republic of Estonia.

Article 14. Return or Compensation of Collectivized Property

1) Property collectivized during the establishment of collective farms shall be returned or compensated on the same bases as other illegally expropriated property, unless otherwise specified in the present Law or in other laws of the Republic of Estonia.

2) A register of collectivized property and their previous owners shall be prepared as a separate register, according to procedures in Paragraph 3 of Article 16 of the present Law.

3) If it is not possible to return collectivized property, it shall be compensated, in the manner determined by laws of the Republic of Estonia, by:

(1) the collective farm, during the establishment of which the property was collectivized; after the re-organization of a collective farm, that collective farm into whose possession the collectivized property was transferred;

(2) the legal entity, which was established upon the re-organization or disbanding of the collective farm, if it is the legal successor of the collective farm, or if part or all of the property of the collective farm has been transferred to it;

(3) the state, if the collective farm which has been established by collectivization of the property has been re-organized into an enterprise based on state property; if the collective farm has no legal successor, or if it

is not possible to determine one; if the collective farm or its legal successor lacks assets.

4) Collectivized property, which has been returned or compensated by the collective farm at the time of enactment of the present Law, shall be settled according to the compensation specified in Paragraph 3 of the present Article.

5) If the rightful subject is a farmer, then he/she has priority to receive compensation in kind.

6) According to the applicable law of the Republic of Estonia, collectivized property may be returned earlier than specified in Paragraph 2 of Article 17 of the present Law.

Article 15. Differences in the Return or Compensation of Nationalized Land

The present Law shall be implemented in the process of the return or compensation of nationalized land or other natural objects, unless the Republic of Estonia Land Law specifies otherwise.

Article 16. Filing Applications For Return Or Compensation of Illegally Expropriated Property, and Assessments

1) Rightful subjects of property reform have the right to file applications for the return or compensation of illegally expropriated property until December 27, 1991. Documents pertaining to the ownership, description and evaluation of the property should be included with the application.

2) Procedures for filing applications and for their examination, as well as documentary evidence and assessments shall be determined by the Government of the Republic of Estonia.

3) Based on the filed applications, the Government of the Republic of Estonia shall compile a register of previous owners and property.

Article 17. Procedures For Return and Compensation of Illegally Expropriated Property

1) According to the value of the property entered into the register as per Paragraph 3 of Article 16 of the present Law, determined by the Supreme Council of the Republic of Estonia according to Paragraph 2 of Article 11, the rightful subject of property reform shall be issued nominal and inheritable bonds. These nominal bonds shall not be issued as compensation for collectivized property by a collective farm or other legal entity

in the cases specified in Points 1 and 2 of Paragraph 3 of Article 14 of the present Law.

2) Illegally expropriated property shall be returned, after the compilation of the register of previous owners and property, by decision of the Government of the Republic of Estonia or the executive body of the local government on the basis of bonds specified in Paragraph 1 of the present Article, abiding by Article 12 of the present Law.

3) Illegally expropriated property shall be compensated by the exchange of bonds specified in Paragraph 1 of the present Article for stocks or other property liable for privatization, or by other means.

4) The method and procedures for compensation shall be determined by the Supreme Council of the Republic of Estonia.

5) A. person who is a rightful subject of property reform has no right to demand the return or compensation of illegally expropriated property in regard to that property which has already been returned or compensated.

6) Persons, whose property was expropriated due to repressions or who were forced to give up or abandon their property due to the genuine threat of repression, to an arbitrary act by an official or based on an illegal resolution, shall have returned to them or be provided with compensation, the illegally expropriated property which is subject to property reform, after the presentation of the rehabilitation certificate or the court decision proving the illegality of the expropriation. The above-mentioned persons shall apply to the courts or to the applicable state body for the court decision or rehabilitation certificate within 6 months of the passing of the present Law.

Article 18. Transactions with Illegally Expropriated Property and Responsibility of the Property

1) Until the questions of the return of illegally expropriated property which is subject to property reform has been decided, it is forbidden for the state and local government bodies and other legal and physical entities, under whose ownership or control the property is, to change the form of ownership of the property, unless otherwise specified in the present Law. Transactions which violate this prohibition shall be considered null and void.

2) The owners and proprietors of property described in Paragraph 1 of the present Article are obligated to guarantee

the preservation of the property. Should this obligation not be fulfilled, they shall be obligated to compensate the damage.

Article 19. Resolution of Disputes Regarding the Restoration or Compensation of Illegally Expropriated Property

Disputes arising from the restoration or compensation of illegally expropriated property shall be resolved in court.

III. Municipalization

Article 20. Interpretation of Municipalization

In the present Law, municipalization shall be interpreted as the transfer of property ownership from state to a district, township, town, city of republican subordination or county (henceforth referred to as municipal ownership) or to the common ownership of the stated local government body, with or without future obligation to privatize in the process of property reform.

Article 21. Object of Municipalization

1) The object of municipalization shall be state property located on the territory of the respective district, township, town, city of republican subordination or county and which is not necessary for the Republic of Estonia as a whole to guarantee social and economic development, and for which it is not practical to carry out privatization through state privatization programs. The list of property which shall not be municipalized shall be confirmed by the Presidium of the Supreme Council of the Republic of Estonia.

2) The municipalization of land and other natural objects shall occur according to the conditions and in the manner stipulated by the Land Law of the Republic of Estonia.

Article 22. Subjects of Municipalization

1) The rightful subjects of municipalization shall be the local government councils of districts, townships, towns, cities of republican subordination and counties, which have the right to demand the transfer to municipal ownership of state property, which is located on their territory and subject to municipalization. Until a district, township or town has been accorded local government status, in the manner determined by the Law of the Republic of Estonia, the rightful subject of pro-

perty transferred into their municipal ownership shall be the respective village council, township or town council, who has the right to demand the transfer of property located on their territory to the control of the second level of local government.

2) The subject of the obligation to municipalize are those state bodies which are obligated, according to the conditions and in the manner stipulated by law, to transfer state property to municipal ownership; as well as the councils of the second level local government which are obligated, according to Point 4 of Article 25 of the present Law, to transfer property, previously transferred to their control, to the bodies of first level local government.

Article 23. Procedures for Municipalization

1) State property shall be transferred to municipal ownership free of charge, according to the present Law, to the resolutions of the Government of the Republic of Estonia and the procedures stipulated by the Government of the Republic of Estonia.

2) Local government councils may apply for the transfer in stages of property subject to municipalization according to the readiness of the local government to possess, utilize and command property subject to municipalization.

Article 24. Transfer of Property Rights During the Municipalization of Property

1) The transfer of state property to municipal ownership shall be carried out through an agreement signed by the local government body and a state government body as determined by the Government of the Republic of Estonia.

The property rights of property being transferred shall be transferred as of the moment of the signing of the above-mentioned agreement.

2) All rights and obligations arising from present contracts shall be transferred to the local government body at the moment of signing of the agreement mentioned in Paragraph 1 of the present Article.

Article 25. Second Level Local Government Body As Administrator of First Level Municipal Property

Until juridical recognition of the local government status of a town, township or city, the property to be transferred to

municipal ownership shall be received and controlled by the executive body of the second level local government which:

(1) may alienate the said property, or grant use of, either for payment or free of charge, only by resolution of the respective village, township or town council;
(2) may reorganize or disband enterprises, institutions or other organizations only by resolution of the respective village, township or town council;
(3) shall be obligated to guarantee the preservation and use of the said property, proceeding from the interests of the respective village, township or town;
(4) shall be obligated to transfer the said property to the district, township or town council, once its local government status has been recognized, within three months from the day the demands by the district, township or town are presented.

Article 26. Property Transferred to County Ownership

1) The state shall transfer only such property to county municipal ownership as is necessary for the activity of the county's local government bodies and for the common needs of the county's residents.

2) The interests of first level local government must be given priority over interests of the county if there is no important reason to decide otherwise.

3) In the transfer of property to municipal ownership for common use of residents of a number of first level administrative units, the common property of a number of first level local government units must be given priority over county property.

Article 27. Municipalization of Illegally Expropriated Property

In the case where illegally expropriated property is transferred to municipal ownership, the obligation to return such property is transferred to the local government body. Property under the administrative control of the county government, and property stipulated to be transferred to a district, township or town, shall be returned to the previous owner by the county government, in the manner determined by law, and in this case, the limitations imposed by Point 1 of Article 25, Point 1 of the present Law shall not be implemented.

Article 28. Municipalization with Obligation to Privatize

1) The Government of the Republic of Estonia may stipulate, in its decision to transfer property which is subject to municipalization, the obligation of the local government body to privatize the said property within a determined time period.

2) In the case that the above mentioned obligation is not fulfilled, property transferred to municipal ownership with obligation to privatize shall be returned to the state which shall then carry out the privatization itself.

Article 29. Legal Position of Present Proprietors of Property Transferred to Municipal Ownership

Local government bodies shall determine the legal status of the present proprietors (enterprises, institutions and other organizations) of property which has been transferred to them, within three months of the enactment of municipal property rights.

Article 30. Transfer of Property of Cooperative and Community Organizations to Municipal Ownership

1) The local government body shall have the right of priority of purchase in the expropriation of property under the ownership of cooperative and community organizations and of legal entities, which is required to service the social and cultural needs of residents of the local government administrative units. Should the local government body not utilize the right of priority of purchase, it has the right, regarding the expropriation of the property, to demand that the new owner continue the current utilization of the property.

2) Property under the ownership of cooperative and community organizations, and of other legal entities, which is required to service the social and cultural needs of residents of the local administrative unit, shall be transferred, either for payment or free of charge to municipal ownership, on the proposal of the local government council and by resolution of the Supreme Council of the Republic of Estonia, if the owner of the property changes the utilization of the property, and in doing so, causes a deterioration in the condition of the residents of the local administrative unit. A list of this property shall be approved by the local government council, and the current owner of the property shall be notified. Transactions regarding the property registered in the list are prohibited from the day that the list is approved, and transactions which violate this prohibition shall be considered null and void.

Article 31. Resolution of Disputes Regarding to Municipalization

1) Disputes regarding the transfer of state property to municipal ownership shall be resolved in the manner determined by the Government of the Republic of Estonia.

2) Should there be disagreement with decisions made in accordance with Paragraph 1 of the present Article, there shall exist the right to apply to the courts.

IV. Privatization

Article 32. Interpretation of Privatization

Privatization shall be interpreted, in the property reform process, as the transfer of state and municipal property either for payment or free of charge to the ownership of persons of to the common ownership of persons.

Article 33. Object of Privatization

1) The objects of privatization are state or municipal property, which do not need to be left in state or municipal ownership in order to guarantee the social and economic development of the Republic of Estonia or the local government unit.

2) The privatization of land and other natural objects shall occur according to the conditions and in the manner stipulated by the Land Law of the Republic of Estonia.

Article 34. Subjects of Privatization

1) The rightful subjects of privatization shall be the persons described in points 1-4 of Paragraph 1 of Article 7 of the present Law, as well as persons who are permanent residents of the Republic of Estonia, or only those joint stock companies and other economic associations who are registered in the Republic of Estonia and are based on those persons' common property, in the case where the joint stock company or economic association has been formed by the amalgamation of the owners' property and not through the allotment of property of a previously existing legal entity.

2) The rightful subjects of privatization shall be the per-

sons named in Article 39 under the conditions and in the manner stipulated by law.

3) The circle of rightful subjects of the privatization of special types of property may be restricted or presented with additional conditions by the Law of the Republic of Estonia.

4) The subjects of the obligation to privatize are those state bodies which are obligated under the conditions and in the manner stipulated by law to privatize state property, as well as the local government bodies which are obligated in those cases stipulated in Article 28 of the present Law to privatize municipalized property.

Article 35. Regulation of Privatization

1) The Government of the Republic of Estonia shall regulate the privatization of state property and shall determine the objects of privatization if not otherwise stipulated in the Law of the Republic of Estonia.

2) The governments of districts, townships, towns and cities of republican subordination shall regulate the privatization of municipal property.

3) Property shall be privatized in stages, taking into account the differences between the objects, according to the conditions and in the manner determined by the Supreme Council of the Republic of Estonia.

Article 36. Methods of Privatization

1) The primary method of privatization shall be the sale of property for those bonds and National Investment Debentures which have been issued as compensation for illegally expropriated property.

2) Property being privatized shall be sold using all methods which are not in contradiction with laws of the Republic of Estonia.

3) Laws of the Republic of Estonia may specify other methods of privatization other than sale.

Article 37. National Investment Debentures

1) Permanent residents of the Republics of Estonia shall be issued National Investment Debentures, the conditions and regulations of issue and the bases of evaluation of which shall be determined by the Supreme Council of the Republic of Estonia.

2) National Investment Debentures shall be nominal and

inheritable. They can be used only in the purchase of property being privatized.

Article 38. Priority of Purchase in the Privatization of Property

1) Priority of purchase in the privatization of property belongs to the owners of bonds and debentures issued according to Articles 17 and 37 of the present Law.

2) The Government of the Republic of Estonia or a local government body may grant priority for purchase of property being privatized, which is under the control of an enterprise or its sub-unit, to the employees of an enterprise or its sub-unit, or to the local residents in regard to property being privatized on the given administrative territory, or to persons using the property being privatized according to an agreement.

Article 39. Participation of Foreigners in Privatization

1) Citizens of foreign countries, stateless persons, and legal entities based on their capital (henceforth foreigners) may purchase property for sale in the Republic of Estonia in the process of privatization. Those joint stock companies and other economic associations in which the stockholders or partners include foreigners shall be considered as foreigners in the present Article.

2) The Department of State Assets of the Republic of Estonia, along with local government bodies, shall compile the list of property intended for sale to foreigners and shall present it for confirmation to the Supreme Council of the Republic of Estonia.

3) Foreigners must advise of their desire to purchase to the Department of State Assets of the Republic of Estonia, in the manner determined by the Government of the Republic of Estonia.

4) The Department of State Assets of the Republic of Estonia shall keep a registry of foreigners and shall, with the Bank of Estonia, organize the sale of objects confirmed by the Supreme Council of the Republic of Estonia by process of auction, competition for business ideas or the sale of stocks.

5) Property shall be sold to foreigners only for freely convertible currency.

6) The carrying out of auctions, competitions for business ideas and the sale of stocks shall occur in the manner determined by the Government of the Republic of Estonia.

7) Those citizens of foreign countries and stateless persons who were citizens of the Republic of Estonia on June 16, 1940 and their direct descendants shall have priority in the privatization of property, all other conditions being equal.

Article 40. Privatization of Property of Cooperatives or Community Organizations

1) The Supreme Council of the Republic of Estonia, through a resolution, may require a cooperative, state-cooperative or community organization to privatize property in their possession according to the manner stipulated in the present Law or in other laws of the Republic of Estonia.

2) The privatization of the property of collective farms either for payment or free of charge shall occur only in the manner stipulated in the present Law and in legal documents adopted on the basis of the present Law.

Article 41. Settlement of Disputes Regarding Privatization

1) Disputes involving the privatization of state or municipal property shall be settled in the manner determined by the Government of the Republic of Estonia, if not otherwise stipulated by the Law of the Republic of Estonia.

2) Should there be disagreement with decisions made in accordance with Paragraph 1 of the present Article, there shall exist the right to apply to the courts.

V. Re-nationalization

Article 42. Re-nationalization of Property

1) Re-nationalization of property in the interpretation of the present Law is the return of property, which was transferred free of charge to the ownership of cooperatives, state-cooperatives and community organizations, to the ownership of the Republic of Estonia.

2) The re-nationalization of property shall occur in the manner determined by the Supreme Council of the Republic of Estonia, and disputes regarding demands for the return of property shall be resolved by the courts, as a result of one of the parties requesting court action.

A. Rüütel
Chairman of the Supreme Council Republic of Estonia

Tallinn, June 13, 1991.

RESOLUTION OF THE SUPREME COUNCIL OF THE REPUBLIC OF ESTONIA ON THE APPLICATION OF THE LAW ON THE BASES OF PROPERTY REFORM

The Supreme Council of the Republic of Estonia resolves:

1. To enact the Law on the Bases of Property Reform (henceforth "Bases") as of the day of the adoption of the present Resolution.

2. The transfer of property (return, municipalization, privatization, re-nationalization) in the process of the property reform shall occur only on the bases of "Bases" and of legal documents arising from it. "Bases" shall not regulate civil property matters outside the property reform. The alienation of property returned and privatized in the property reform process, except bequeathing, is prohibited until the enactment of a law regulating the alienation of the said property.

3. Community organizations are rightful subjects of the property reform as interpreted in Article 9 of "Bases", if the intent of the activity of the organization (society, fraternity, association etc.) was non-profit oriented.

The Government of the Republic of Estonia shall have the right, as an exception, to give organizations, whose statutory activity has been terminated or those whose activity was profit oriented, priority of purchase and other advantages in the privatization of property illegally expropriated from them.

4. Bodies of local government shall have the right to provide advantages for renters living in houses which are returned when granting new residential accommodation and privatizing apartments.

5. Questions of the return or compensation of illegally expropriated property for those rightful subjects of the property reform who left Estonia on the basis of agreements concluded with Germany, shall be resolved according in the manner determined by inter-state agreements.

6. To assign the Government of the Republic of Estonia the task of:

1) presenting proposals to coordinate valid laws of the Republic of Estonia with "Bases" and the present Resolution to the Supreme Council of the Republic of Estonia, by August 15, 1991;

2) amending decrees of the Government of the Republic of

Estonia and other legal documents such that they are in accordance with "Bases" and the present Resolution;

3) determining the procedures for the filing of the applications stipulated in Paragraph 2 of Article 16 of "Bases", their examination, the presentation of documentary evidence and assessment, by July 20, 1991;

4) determining the procedures for the return of property stipulated in Paragraph 5 of Article 12, for the resolution of disputes stipulated in Articles 31 and 41, and of the participation of foreigners in privatization as stipulated in Paragraphs 3 and 6 of Article 39 of "Bases", by August 15, 1991;

5) determining what property is necessary as state property for the Republic of Estonia as a whole for the guarantee of social and economic development, as well as property for which it is practical to privatize on the basis of state privatization programmes, by August 1, 1991; of determining the procedures of the municipalization of property stipulated in Article 23 of "Bases" and of commencing municipalization directly thereafter;

6) presenting the procedures for and extent of the compensation of property stipulated in Paragraphs 3 and 6 of Article 13 of "Bases" and the simplified procedures for the rehabilitation stipulated in Paragraph 7 of Article 17 and the draft of the simplified procedures for the presentation of documentary evidence of the illegal expropriation of property to the Supreme Council of the Republic of Estonia, by September 15, 1991;

7) presenting drafts of the procedures for the privatization and re-nationalization of property belonging to cooperative or community organizations as stipulated in Articles 40 and 42 of "Bases" to the Supreme Council of the Republic of Estonia, by September 1, 1991;

8) presenting the conditions for and the draft determining the procedures for the issue of National Investment Debentures as stipulated in Article 37 of "Bases" to the Supreme Council of the Republic of Estonia, by September 15, 1991;

9) presenting the draft of the procedures for the alienation of nominal bonds and National Investment Debentures stipulated in Articles 17 and 37 of "Bases" to the Supreme Council of the Republic of Estonia, by March 1, 1992;

10) determining the property which is subject to privatization and of determining the approximate value of the property and of presenting the outline of the draft for the continuation of privatization as stipulated in Article 35 to the Supreme Council of the Republic of Estonia, by November 1, 1991;

11) presenting the draft of the determination of the value of property which are objects of the property reform as stipulated in Paragraph 2 of Article 11 of "Bases" to the Supreme Council of the Republic of Estonia, by October 1, 1991;

12) guaranteeing the compiling of the register of former owners and property stated in Paragraph 3 of Article 16 of "Bases", by March 1, 1992, of presenting the draft determining the procedures and manner of compensation stipulated in Paragraph 4 of Article 17 of "Bases" to the Supreme Council of the Republic of Estonia, by April 1, 1992;

13) presenting the draft determining the procedures for the return and compensation of collectivized property as stipulated in Article 14 of "Bases" and the draft determining the procedures for the reorganization and disbanding of collective farms stipulated in point 8 of the present Resolution to the Supreme Council of the Republic of Estonia, by September 15, 1991;

14) presenting the draft determining the future civil property matters of property returned and privatized as stipulated by point 2 of the present Resolution to the Supreme Council of the Republic of Estonia, by April 1, 1992;

15) working out the necessary organizational and economical methods for the organization of the property reform.

7. Property for which the rightful subject is a local government body, which with its decision has announced the suspension, non-fulfillment or the invalidity of the Law of the Republic of Estonia or other legal acts on its administrative territory, shall not be subject to municipalization.

8. To enact that the reorganization and disbanding of organizations of collective farms and the EKE (Estonian Village Construction) system and new organizations created through the appropriation of their property and the command of their fixed assets may occur only in the manner stipulated in the respective law, with the exception of their sale or transfer to farmers.

The Government of the Republic of Estonia may make exceptions in the sale, full depreciation or other transactions regarding the fixed assets of the said organizations.

9. To consider invalid all transactions which are in contradiction with the July 17, 1990 resolution of the Supreme Coun-

cil of the Republic of Estonia "On the Initial Methods for the Organization of the Privatization Process", as well as transactions, which are in contradiction with points 8 and 10 of the present Resolution and are executed after the Resolution has come into force. The provisions stated in Article 52 of the Civil Code shall be applied to such transactions.

10. To enact that it is prohibited, in addition to the stipulations in the July 17, 1990 Resolution of the Presidium of the Supreme Council of the Republic of Estonia "On the Initial Methods for the Organization of the Privatization Process", to lodge circulating mediums which are considered as fixed capital in the accounts of enterprises and other organizations under state ownership into an enterprise, cooperative or other organization in which individuals participate, as well as to fully depreciate state-owned fixed assets.

11. To enact that the July 17, 1990 Resolution of the Presidium of the Supreme Council of the Republic of Estonia as well as points 8 and 10 of the present Resolution shall not extend to:

1) the sale of fixed assets on the decision of the administrative council of a state enterprise or the directors of state joint stock companies and the placement of the fixed assets or their circulating mediums into an enterprise or other organization, in which persons (physical entities) participate, as well as when the said transactions may be made by a leasing agreement;

2) the full depreciation of the amortized fixed assets of state enterprises, state joint stock companies or fixed assets which have been leased;

3) the founding of joint ventures with participation of foreign capital in the placement of fixed assets and circulating mediums into the founding capital of the enterprise with the permission of the Government of the Republic of Estonia;

4) in accordance with the December 13, 1990 Law of the Republic of Estonia "On the Privatization of State Service, Trade and Catering Enterprises" and the December 13, 1990 Resolution of the Supreme Council of the Republic of Estonia "On the Enactment and Application of the Law of the Republic of Estonia "on the Privatization of State Service, Trade and Catering Enterprises"", to the privatization of property according to the procedures enacted in the above-mentioned law, with the exception of the property stipulated in Point 2 of the above-mentioned resolution.

12. To enact that until the decision on the return of illegally expropriated property, the present proprietors of the property have the right to lease or transfer it to titled possession or to renew the said agreements only without the stipulation of an expiry date (this provision shall not extend to lease agreements for residential accommodation). The said agreements are subject to cancellation on the demand of the owner within three months from the day on which, according to an agreement, the user is informed of the decision to return the property.

13. To suspend the finer felling of forests growing on illegally expropriated land until the adoption of a decision on the question of return. Finer felling which occurs on illegally expropriated property after the present Resolution has come into force shall be considered to be illegal and responsibility shall be applied in the manner determined by law.

14. Cooperative and community organizations as interpreted by Articles 30 and 40 of "Bases" shall only be collective farms (including fishing collectives), EKE (Estonian Village Construction) organizations and organizations formed by the appropriation of their property,ETKVL (Association of Estonian Producers' Cooperatives) organizations, community mass organizations (The Communist Party of the Soviet Union, unions, etc.) and other cooperative and community organizations which have been given state property free of charge.

A. Rüütel
Chairman of the Supreme Council of the Republic of Estonia

Tallinn, June 20, 1991

Law on Privatization of State-Owned and Municipal Residential Buildings and Flats - April 16, 1992

Overview translation by Ms. Vive Uss.

Art.1. Task of the law.

To establish the objects, subjects, conditions and procedures of privatization.

Art.2. Aim of the law.

(1) For individuals to obtain living space as property thereby providing better maintenance and preservation of housing. (2) The state will provide subsidies (installment plans, loans, etc.)

Art.3. Objects of privatization.

(1) Residential buildings and flats.
(2) The corresponding proportional part of the common space of the building, determined according to the total space of each apartment.
(3) Rooms belonging to different legal bodies in the same house. (Details to be provided from the government.)
(4) Subject to privatization:
  a. rented lodgings
  b. apartments to be reconstructed or needing capital repairs.
  c. free spaces.

(5) Property that will not be privatized:
  a. Official lodgings and dormitories.
  b. Apartments "hired" by more than one tenant, unless they all agree on privatization.
  c. If tenants are under legal action.
  d. Property in the process of restitution.

(6) Special conditions concerning spaces under preservation.

(7)* Privatizing apartment stores(?) before tenant cooperatives are formed. (* indicates that complete translation of this section has been requested.)

(8)* Local authorities determine what won't be privatized in connection with taking down, reconstruction, turning into tenement (?) houses, etc.

(9)* Re state subsidies and space limits.

Art.4. Legal subjects of privatization.

(1) Uninhabited space can be legally obtained by permanent residents at least 18 years of age.

(2) Leasing contract for a family.

(3) Individual members of a family or one tenant as owner of a larger house.

Art.5.* Privileged ownership.
(1)
1) Tenants having leasing contract.

2) Tenants in buildings that are to be reconstructed.

3) Inhabitants of free space (not clear where this fits in). Individuals left without apartments after their apartments were restituted for labor and/or compensation vouchers. (Maybe this means that such homeless people have priority access to free space - GB)

(2) Given above, subjects to be determined by:

1. For state owned spaces - the institution that governs the specific space.

2. For municipal spaces - locally appointed executive institutions.

(3) Local municipalities can establish certain limits.

Art.6. Institutions subject to this law.

1. For state owned living space - the institution governing the space.

2. For municipal holdings - the legal body that governs the space.

3. For collecitvely owned spaces, when one owner is the state or local government - the legal body which governs in fact (the consent of the other owners is also necessary).

Art. 7.* Pricing.
(1) not translated

(2) Pricing for buyers using restitution vouchers is to be established by decrees using methodology to be established by the government.

(3) Methodology for foreign currency pricing to be worked out by the government.

(4) Discounts and flexible pricing to be allowed by the governj-ment on case by case basis.

(5) Obligors (owners?GB) to determine the price of the space to be privatization.

(6) Courts decide cases in which agreement cannot be reached.

Art. 8*. Means of payment for privatized living space.

(1) and (2) payment mechanisms are to be implemented using popular capital obligations, restitution vouchers, lawful currency and freely convertible currency.

(3) Installment plan is possible. Details are to be worked out by the government.

Art. 9 - title not translated.

In some cases uninhabited spaces can be privatized by auction, when so decided by the local authorities.

Art. 10* - Issuing popular capital obligations

(1) Common vouchers are vouchers to be provided to the permanent inhabitants in January 1992 (presumably "as of" - GB)

(2) One voucher equals 1 m2 for each year worked on the territory of Estonia from Jan. 1, 1945.

(3) Not translated, but from context refers to following additional eligibility (GB):

1. Membership in creative and trade unions.
2. Work in registered religious organizations.
3. Time worked on farms before collectivization.
4. Working for Estonian organizations outside of Estonia.
5. Conscription.
6. Studying.
7. Illness, raising children until they are 3.
8. Period of registered unemployment and continued studies.
9. Not translated.
10. Period of being under arrest if rehabilitated subsequently.
11. Period on pension.
12. Period of living in orphanage between ages of 10-24.

(4) Additional vouchers to be provided if the living space was "torn off" because the land was needed for state or social purposes and the inhabitants did not receive compensation. Size of the voucher is to be equal to the former space.

Art.11* Usage of vouchers.

(1) Gift to spouse, parents, relatives, sisters, brothers.

(2) Vouchers of all family members can be used for privatization.

(3) Vouchers can be used for 4 years from issuance.

(4) The etalon unit (1 m2 of a certain kind of block house) is the basis for establishing the value of vouchers for other types of housing according to their quality and location.

(5) Vouchers are valued in currency valid in the Republic of Estonia. Their compatibility (convertibility? - GB) in privatizing other state or municipal properties is to be established by the government.

(6) Ways of using vouchers as money.(?GB)

Art. 12.* Privatization for restitution vouchers.

Restitution vouchers can be used as means of payment for privatizing living space. The conditions are to be elaborated by the government.

Art. 13*. Privatizing for money.

Official currency is allowed. Exchange rates for foreign currency are to be determined.

Article 14.* Formalization of the transactions.

(1) Contract between seller and buyer.

(2) Contract to be confirmed by a lawyer and registered.

(3) Unconfirmed contracts are not valid.

(4) Buyer's tax of 1% on houses and 0.5% on apartments.

(5) Contract to fix selling price and other conditions.

Art. 15*. Establishing ownership rights.

Titles of articles 16-21 still to be translated.

housing law

Translation from Estonian to English

DECREE OF THE GOVERNMENT OF THE REPUBLIC OF ESTONIA NO. 416

On organization of Privatization of Housing

Pursuant to the general principles as provided Law of the Republic of Estonia on Privatization of State and Municipal Housing as well as from the tasks set by the Resolution of the Supreme Council of the Republic of Estonia "On Application of the Law of the Republic of Estonia on Privatization of State and Municipal Housing as of May 4, 1992" as well as in order to start the process of privatization of housing the Republic of Estonia Government rules:

1. To approve the Appendices hereto:

1) "Order of Privatization of State and Municipal Housing";
2) "Directions on Determination of Evaluation Coefficient in Privatization of Housing";
3) Examplary Statutes of an Apartment Society.

2. The city and county governments as well as possessors of state housing shall, pursuant to Article 1 of this Decree:

1) elaborate and approve necessary normative acts organizing and regulating the privatization process in the territory under their administration for for September 1, 1992, the latest;

2) promptly inform the residents about the conditions and order for privatization of housing in the territory under their administration;

3) settle disagreements arisen between residents in the process of privatization of housing within 5 days calculated from the date of appeal to the city or county government or the posserror of the housing unit.

3. The Ministries and State Boards of the Republic of Estonia shall supervise the activities of state enterprises, institutions and organizations under their administration in the process of privatization of housing and grant necessary assistance.

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4. 18 m2 of total living area per family member and an additional 15 m2 per family shall be adopted as a socially motivated standard for housing.

5. The Ministry of Finances of the Republic of Estonia in cooperation with the Ministry of Economics and the Ministry of Construction of the Republic of Estonia as well as the Banks of the Republic of Estonia shall settle all matters nesessary for granting mortgages to the residents for january 1, 1993 the latest.

6. The Ministry of Construction together with the Ministry of Economics and Ministry of Finances of the Republic of Estonia shall inform the Government of the course of privatization of housing twice a year. The State Statistics Department shall implement relevant statistical reports.

7. The executive bodies of local government and the possessors of state housing shall offer necessary assistance in establishing state and municipal housing tenants' societies (the aim of the societies being the maintenance, current repairs and keeping in order of the housing unit as well as mediation of public services) up to the point of establishment of Apartment Societies in the privatization process.

The State Housing Board of the Republic of Estonia shall elaborate the standard statutes for tenants' societies .

Chairman of the Republic of Estonia Government T. VÄHI
Republic of Estonia State Minister U. VEERING

Tallinn, Toompea as of August 5, 1992. No 225

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Approved
by the Government Decree
No. 225, as of August 5, 1992 of the
Republic of Estonia

Order of Privatization of State and Municipal Housing

I General provisions

1. This order shall be valid for privatization of buildings and apartments (hereinafter: housing) belonging to the Republic of Estonia and local governments to private persons.

2. Housing units under lease shall be privatized above all to the present tenant or one of his adult family members in cohabition with him according to the family members' mutual written consent approved by the local government. If the tenant or any adult family member living together with him does not wish to acquire the housing it shall remain in state or municipal property or shall be privatized in accordance with the Article 4 3 of the Law on Privatization of State and Municipal Housing of the Republic of Estonia (hereinafter Privatization Law).

3. Housing to be reconstructed or to undergo capital repairs shall be privatized according to Article 2 of this Order, if the tenant has not been granted alternative permanent housing in connection with the reconstruction or repair works. In case alternative permanent housing shall be granted, privatization of the housing to be reconstruction or repaired shall take place according to the order of privatization of unoccupied housing.

4. Unoccupied housing can be procured by any person of at least 18 years of age, who have been a permanent resident of the Republic of Estonia for at least the last 5 years (permanent registration or permanent residence permission needed).

Unoccupied housing shall be interpreted as :
- new or thoroughly repaired or reconstructed buildings not yet leased out, also housing vacated in connection with termination of lease contracts by previous tenants.
Unoccupied housing belonging to the state shall be privatized by the enterprise, institution or organization in whose possession (balance

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sheet) the housing under privatization is. The right of first refusal in acquiring the housing shall belong to the tenants of the building returned to the subjects of the Property Reform as well as in cases of purchase for national capital obligations or to persons paying in Securities issued as compensation for unlawfully alienated property. The enterprise, institution of organization in possession of the privatized housing unit shall determine the subjects for privatization from among the above persons proceeding from the person's need for living space and the quality of his present living quarters. The Manager of the enterprise shall then choose the actual buyer together with the local government from among the entitled subjects to the housing under privatization.

The entitled subjects to unoccupied housing belonging to municipal property shall be determined by the executive body of local government according to the order approved by the municipal council.

5. For privatization of housing situated in different regions the local government shall compare the living conditions (environment, infrastructure) of the regions of the city (settlement) and determine a comparison or a zone coefficient (0,5 - 1,5 compared to the standard (1,0) zone) for each region. The same zone coefficient shall be applied in case of privatization of buildings situated in the same region.

6. Unoccupied apartments in apartment buildings shall be privatized as part of the buildng corresponding to the size of the apartment together with auxiliary buildings (if they are subject to evaluation under this Order), based on the part of the apartment's total area in the total area of all the apartments in that building

The total area of the apartments shall be interpreted as the grand total of floor space of all the rooms in the apartment as well as the floor space of built-in closets, balconies, verandas, terraces and unheated storage space. The following reduction coefficients shall be taken into account: 0,5 for verandas and storage space and 0,3 for balconies and terraces.

7. Privatization of plots of land belonging to the buildngs or paying land rental shall be carried out pursuant to the Laws of the Republic of Estonia.

8. City and county governments shall have the right to establish committeesfor organizing privatization on their territory of

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administration presided over by the deputy mayor of deputy governor.

II Order of Sale of Housing

9. Persons wishing to buy housing shall submit the application according to the standard provided in Appendix 1 of this Order to the mandatory subject of privatization of housing (local housing authorities, enterprises or companies) in whose balance sheet the buildng has been entered to.

10. The possessor ofthe buildng shall appoint an assessor who shall calculate the evaluation coefficient of the buildng according to "Directions on Determining the Evaluation Coefficient in Privatization of Housing" or if employees with the necessary qualifications should not be found, submit an order for determination of the coefficient to the Technical Inventory Bureau or to the assessor appointed by the local government.

11. The Assessor shall calculate the general evaluation coefficient of the buildng taking into account the zone coefficient determined by the local government, draw up an Act according to the standard provided in Appendix 2 of this Order,sign it together with the possessor of the building and submit the Act for approval to the local privatization committee.

12. The possessor of the buildng shall calculate the total area of the housing under privatization according to the evaluation coefficient, determine an imaginary part of the buildng equal to the living quarters, clarify the manner of payment of the tenant as well as shall draw up an Evaluation Actaccording to the standard provided in Appendix 3 of this Order.

13. The local government shall determine the price for 1 square meter of total living area (not under 100 EEK) in case of buying housing for cash and other monetary means.

14. Other premises, besides housing in possession of legal or private persons, situated in the buildng under privatization shall be privatized according to the decision by the mandatory subject of privatization and shall be evaluated according to the order stipulated by the Estonian State Treasury. The right of first refusal in such cases shall belong to the

Apartment Society. In case of it declining to buy the obligor of privatization shall have the right to sell the rooms on auction.

III Official Registration of Privatization of Housing

15. Privatization of housing shall be officially registered as a Contract of Sale entered into between the buyer (entitled subject) and the seller (obligor) according to the standard provided in Appendix 4 of this Order. The above Contract of Sale shall be witnessed by a public notary who shall submit it for registration to the executive body of local government according to the location of housing within three months calculated from the date of being witnessed by the notary.

16. The Property rights to the housing under privatization shall be effective from the moment of witnessing the Contract of Sale by a public notary.

17. The payment for privatized housing in cases of purchasing housing by payment in instalments shall be carried out within 10 years and for young people under 30 years of age within 20 years calculated from the date of purchase in equal instalments on the last day of each quarter of a year.

18. In order to register the payment by instalments officially in cases using national capital obligations, the buyer shall pay for at least 30 per cent of the total living area as the first payment. Young people under 30 years of age shall pay at least 10 per cent using national capital obligations.

19. In order to register the payment by instalments officially in cases of purchase of housing by payment in instalments for money the buyer shall pay at least 30 per cent of the total price of the housing as first payment. Young people under 30 years of age shall pay at least 10 per cent.

20. In cases of purchase of housing by payment in instalments a loan interest shall be applied the annual size of it equaling to inflation percentage + 1 per cent + bank margin.

21. In case of instalment payment being late, a fine for delay not less than 0,1 per cent (of the sum payable quarterly) per each day of delay shall be claimed.

22. A tax (for the part of housing paid in cash) shall be paid at the official registration of the Contract of Sale.

IV Possession and use of privatized housing

23. Privatized housing shall be possessed and used by their owners in accordance with the normative acts of the Republic of Estonia

24. Administration and use of buildings shall be organized by Apartment Societies established by the owners of housing. The owners can also enter into joint venture contract to carry out the above operations.

25. The owners of housing shall take part in the administration of a buildng in their common ownership according to mutual consent and proceeding from the size of their share in the common property and the extent of services rendered to them.

26. The Apartment Society shall organize the maintenance and repairs from the contributions of the owners, independantly or under labour contrats entered into with legal or private persons owning an Operation Licence and necessary skills

27. Depending on the wish of Society Members complete or partial care shall be taken of the buildng. In case complete care is agreed upon, a caretaker shall be employed to keep order, make repairs and take care of the buildng, its technical networks, common premises and territory as well as make necessary preparations for winter and if required, mediate in rendering necessary public services to the residents. Contracts of partial care shall be entered into concerning necessary services.

28. In order to take care of a building the Society, Enterprise, Institution or Organization shall enter into Contract providing the obligations of the Parties and terms for compensation. In case of entering into contract for servicing buildngs with privatized apartments the standard form providedd in Appendix 5 shall be applied.

Calculations shall be added to the Contract with indication of costs per single task or service as well as possible fines in case of default. The Appendix above shall be an unseparable part of the contract and shall be signed by all Parties.

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29.The society shall compensate for repairs works conducted in the buildng, incl. for taking care of accidents and breakdowns within the property according to actual costs, not taking into account whether the building is under complete or partial care. If the accident was caused by default of the caretaker, he shall take care of the damage on his own cost and compensate for the loss. The Apartment Owner shall pay for interior repairs in his apartment

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FIRST AND
FAMILY NAME PERSON'S CODE

PLACE OF RESIDENCE

APPLICATION

I wish to purcase the house/apartment located at .....
(address)

Signature

(place) (date) (signature)

Registered in the house/apartment, located at .....,
(address)

together with the buyer, are the following family members:

Sequence No.	Degree of relationship	Year of birth	First and last name

Data verified by .....
(position, first and last name)

(place) (date) (signature)

AGREEMENT FOR PURCHASING A LEASED DWELLING

We

(first and family names)

the tenant of the dwelling to be privatized and adult family members living together with the tenant, have agreed upon that the house/apartment which is located

(address)

shall be purchased by .....
(first and last name)

VALUE OF THE VOUCHERS TRANSFERRED:
(in years worked)

First and last name (also address, if non-tenants)	Degree of relation-ship	Voucher value	Transferred to buyer	Signatur
Total				

I confirm this Agreement .....
(representative of local self-government, first and last name)

(signature)

(seal) (place) (date)

Confirmed by
Chairman of the Privatization
Committee

(first and last name)

(signature)

(date)

D E E D of

Determining the Valuation Coefficient of the Dwelling

Valuer

(first and last name)

Owner of the Title to the House

(first and last name of the representative of the obligatory subject of privatization)

Dwelling being valued

address

total floor space

total floor space serviced

beginning of exploitation, year

wall construction of dwelling

size of the plot m^2, No. of estate

1. Determination of the Valuation Coefficient of a Dwelling

a) ~~XDXXXXXXXXXXXXXX~~ the valuation coefficient (V) of the dwelling, taking into account depreciation by years of exploitation, in accordance with Table 1 in "Directions for Determining Valuation Coefficient of Privatized Housing", the sequence No. in Table ..... V_k ..... f

b) the valuation coefficient (V_k) of the dwelling, taking into account depreciation as the mean value ofdepreciation of building construction in accordance with Tables 2 and 3 of the Directions for Determining Valuation Coefficient of Privatized Housing. Deed on Determining the Depreciation to be added.

No. of Table ..... , sequence No. in Table ..... V_k is .....

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Appendix 3
to The Order Of Privatization
Of State And Municipal Housing

Housing Evaluation Document

Buyer .....
(first and family name)

Owner of building .....
(representative's first and family name)

Privatized housing unit .....
(address)

..... m^2 ....
(total floor space) (ready for exploitation, year)

1. Total floor space of housing unit

Seq. no.	Name of housing unit	Total floor space m^2
1.		
2.		
3.		
4.		
5.		
6.		
	Total:	

2. General valuation coefficient of the building in which the housing unit (apartment) is situated (according to Article 3 in Appendix 2 to the Order of Privatization of State and Municipal Housing) V_{gen}= ....

3. Calculated total floor space (total floor space x V_{gen}) of the housing unit is ..... m^2.

4. Individual share of the housing unit in the building

$$\frac{\text{total floor space of the housing unit x 100}}{\text{total floor space of all living units in the building}} = \ldots\ldots\ \%$$

5. Cost of 1 m^2 of calculated total floor space, determined by local self-government .....

6. The buyer proposes payment for 1 m^2 of calculated total floor space as follows:

1) for ..... m^2 with popular capital obligations;
2) for ..... m^2 with restitution compensation securities;
3) for ..... m^2 in cash.

Appendix: Plan of the housing unit (apartment).

Representative of owner .....199 . . .
(signature)

Buyer ..... 199 . . .
(signature)

SALES CONTRACT

(town, county) on the ..... day of the month ....

in the year one thousand nine hundred ninety .....

.....

(name of enterprise, institution, organization)

through the person of its representative .....

(first, last name, addres

who acts on the basis of .....

(statutes, charter, warrant - the No. of th latter and date of issue to be shown)

(hereinafter - seller), and .....

(first and last name)

(hereinafter - buyer), have concluded the present contract in follo ing:

1. The seller has sold and the buyer has bought .....

(contract object)

which is located .....

(county, town, district, village)

..... Street, No. of house ....., apt. no. .....

and consists of ..... rooms, a kitchen, hallway, bathroom, lavatory

.....

with a total floor space of ..... m^2, which comprises .... % of th house.

According to the deed of valuation of dwelling, on the basis of the valuation coefficient the accounted total floor space of the contrac object is ..... m^2.

2. The above contract object has been sold to the buyer as follows: for popular capital obligations ..... m^2 of the accounted total floor space, for substitution securities ..... m^2 of the accounted total floor space, for .....

(sum in words and numbers)

each ..... m^2 of accounted total floor space

.....

(sum in words and numbers)

and has been paid to the seller by the buyer;

and the buyer has paid to the seller:
for .... m^2 of accounted total floor space in popular capital obli gations, for ... m^2 of accounted total floor space .....
..... in restitution securities, and for
(sum in words and numbers)
.... m^2 of accounted total floor space .....
(sum in words and numbers)
in cash, which has been paid to .....
(to whom and which way of payment

For the remaining .... m^2 of accounted total floor space the buyer will be obliged to pay to the seller .....
(sum in words and nos
in instalment payments not later than .....
in equal amounts by the last date of each quarter, beginning with the day of notarization of the present Contract.

In case of delay in fulfilling the obligation, the buyer shall be obliged to pay a penalty of ..... per cent of the quarterly amount for each day delayed.

The buyer may make a quartery payment ahead of the deadline or pay back the debt ahead of the deadline set forth in this Contract

3. The seller has sold and the buyer has bought the obave contract object:
   1) without any special terms;
   2) with the following special terms:

   3) with the following obligations:

4. The seller testifies that prior to concluding the present Contract, the contract object has not been expropriated, pawned, no disputes have arisc concerning the object, nor has it been estopped (arrested) .....

5. The costs arising from the conclusion of this Contract have been paid by .....

6. The transfer of the contract object to the buyer shall be considered as carried out .....

7. Registration with ..... of the present Contract shall be obligatory within three months from the day of its notarization.

8. This Contract has been drawn up in three copies, of which the first will be kept in the Notary Office, the second will be given to the buyer and the third to the seller.

SELLER: BUYER:

Housing Maintenance Contract
(not translated

Lisa 5
«Riiklike ja munitsipaaleluruumide
erastamise korra» juurde

Elamu hoolduslepingu (näidis)

Meie, allakirjutanud, ... tänaval asuva maja number ..... korteriühistu (edaspidi ühistu) juhatuse esimehe .....
(ees- ja perekonnanimi)
isikus, kes tegutseb «....» ..... 199.. a. moodustatud ja «....» ..... 199.. a. kohalikus omavalitsuses registreeritud korteriühistu põhikirja alusel, ühelt poolt ja .....
(haldusorganisatsiooni nimi)
juhataja/direktori .....
(ees- ja perekonnanimi)
isikus, kes tegutseb «....» ..... 199.. a. kinnitatud põhimääruse alusel ja on saanud «....» ..... 199.. a. loa (litsentsi) elamute hooldamiseks ja selle töö vahendamiseks (edaspidi hooldaja) teiselt poolt, sõlmime järgmise lepingu:

1. Ühistu annab ja hooldaja võtab täielikult/osaliselt* hooldada elamu, mis on:

ehitatud ..... aastal

tellis-, puit-, suurpaneelelamu ..... trepikojaga .....korruseline

..... korteriga elamu, milles on ..... kööktuba, ... ühetoalist, ... kahetoalist, ... kolmetoalist, ... neljatoalist, ... viie- ja enamatoalist korterit

..... sõiduliftiga, ... kaubaliftiga

telefoniseeritud.

Elamu on varustatud:

teleantenni süsteemiga ..... teleprogrammi vaatamiseks

..... fonolukuga

tuletõrje- ja sutsuärastussüsteemiga

..... elektripliidiga

..... gaasipliidiga

..... gaasiboileriga

..... gaasivanniahjuga

..... ahjuga

vaba-, sundtsirkulatsiooniga küttesüsteemiga

veevarustussüsteemiga

* Mittevajalik läbi kriipsutada.

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vaba-, sundtsirkulatsiooniga soojaveevarustussüsteemiga
..... sooja vee kiirboileriga
..... kütte kiirboileriga
..... hüdroforiga
..... katlaga
..... soojussõlmega ..... abisõlmega
elamu juurde kuuluvate väliskommunikatsioonidega .....
.....
.....
.....

Elamu:
bilansiline maksumus .....
kulumine .....
korterite üldpind ..... m^2
köetav väliskubatuur ..... m^3
kütte soojuskoormus .....
sooja vee soojuskoormus .....
Elamus on:
majasisest üldkasutatavate kohtade koristuspinda ..... m^2
koristatavat välispinda ..... m^2
hooldatavaid väikevorme ..... tk.
Elanike arv .....
Lisaandmed elamu kohta:
.....
.....
.....

2. Hooldaja kohustub:

1) teostama elamu ja selle juurde kuuluvate tehnovõrkude hooldus- ja remonditöid vastavalt kehtivatele eeskirjadele ja lepingu lisas ettenähtud loetelule, mahtudele ja tingimustele;

2) tegema elamu ja selle krundi (hooldatava territooriumi) sanitaarpuhastus- ja koristustöid (prahi ja lume koristamine, niitmine) vastavalt lepingu lisas ettenähtud loetelule, mahtudele ja tingimustele;

3) jälgima elamu sanitaarset ja tehnilist seisukorda;

4) tagama ööpäevaringse teenindamise avariide korral;

5) tagama tema tegevusvaldkonda kuuluvate tööde kvaliteetse ja õigeaegse teostamise ja kandma ühistu liikmete ees vastutust tegemata või või mittekvaliteetselt tehtud tööde tõttu tekkinud kahjude eest.

3. Ühistu kohustub:

1) kasutama ja hooldama elamut vastavalt ühistu põhikirjale ja elamute hooldamise eeskirjadele;

2) teatama hooldajale viivitamatult tema tegevusvaldkonnas olevates hoone konstruktsioonides ja tehnovõrkudes tekkivatest riketest ja avariidest;

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3) teatama hooldajale elanike arvu muutusest või muudest muudatustest, mis võivad mõjutada lepingu lisas toodud tööde ja teenuste maksumust, vastavalt vajadusele või vähemalt üks kord kuus;

4) hooldajale tasuma tehtud hooldus-, remondi-, koristus-, arvestus- ja teiste lepingus ettenähtud tööde eest ..... Eesti krooni kuus iga kuu ..... kuupäevaks;

5) tasuma lõhkumise, varguse, määrimise, põlengute ja kaevamiste tagajärgede likvideerimiseks tehtavate taastustööde ja väljaspool hooldustöid tehtavate remonditööde eest vastavalt tegelikult teostatud tööde mahtudele, kui hooldaja on selle töö teinud vastastikusel kokkuleppel ühistuga või ühistu tellimisel.

4. Poolte vastutus:

1) hooldaja vastutab täielikult hooldamise kohta sõlmitud hoolduslepingu korral kogu elamu, selle krundi (hooldatava territooriumi) nõuetekohase hooldamise, sanitaarpuhastuse ja remondi kvaliteetse teostamise eest ning ekspluatatsiooni-, tuleohutus- ja registreerimisnõutest kinnipidamise eest;

2) osalise hooldamise kohta sõlmitud hoolduslepingu korral vastutab hooldaja kvaliteetse, korrektse ja tähtaegse teenindamise eest lepingus fikseeritud mahus;

3) hoolduslepingus ettenähtud summade ülekandmise viibimise korral tasub ühistu iga viivitatud päeva eest 0,5 protsenti kogusummalt, mille tasumise tähtaeg möödus;

4) hooldaja kahjuks arvestatakse iga konkreetse töö tegemata jätmine kogumaksumuses või vähendatakse hilinemise korral töö eest makstavat summat iga viivitatud päeva eest 0,5 protsenti.

5. Hooldaja vastutav töötaja on:

.....
(ees- ja perekonnanimi, aadress, telefon,

.....
kontaktkellaajad)

Avariide korral on võimalik pöörduda .....
(aadress, telefon)

.....

6. Ühistu vastutav isik on: .....
(ees- ja perekonnanimi,

.....
aadress, telefon, kontaktkellaajad)

7. Kõik käesolevast lepingust tulenevad vaidlused lahendatakse Eesti Vabariigi seadustega ettenähtud korras.

8. Käesolev leping on sõlmitud tähtajaga ..... kuni «....» ..... 199... a.

Käesolev leping on sõlmitud kahes eksemplaris, millest üks jääb ühistule, teine hooldajale.

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Poolte andmed:
Ühistu nimi: .....
Aadress ja telefon: .....
Juhatuse esimees: .....
(ees- ja perekonnanimi, telefon)
Pank ja arveldusarve: .....
Hooldaja nimi: .....
Aadress ja telefon: .....
Juhataja/direktor: .....
(ees- ja perekonnanimi, telefon)
Pank, arveldusarve: .....

Ühistu juhatuse esimees: ..... Hooldaja juhataja/direktor .....
(allkiri) (allkiri)
(Pitser) (Pitser)

Lisa elamu hoolduslepingu juurde

Ühistu elamu(te) hooldustööde mahtude ja maksumuste arvestus

Töö	Mõõtühik	Töömaht	Maksumus	Erinõudeid ja -tingimused
1	2	3	4	5
1. Elamu(te) ehituskonstruktsioonide ja hooneosade (vundamendid, seinad ja vahelaed, välisfassaadid, katused, korstnad ja ventilatsioonišahtid, üldkasutatavate ruumide uksed ja aknad, trepid) korrashoid ja remontimine				
2. Elamu(te) (trepikojad, keldrid ja pööningud, tehnilised korrused, üldkasutatavad sanitaarsõlmed, pesuköögid, terrassid, rõdud ja lodžad) ja hooldatava territooriumi korrashoid				
3. Üldkasutavate kohtade sh. haljasalad mänguväljakud sõiduteed kõnniteed asfaltplatsid hoovid korrashoid (sanitaarpuhastus, deratisatsioon, hooldus- ja remonditööd), sh. prügivedu				

1	2	3	4	5
4. Väikevormide hooldus ja remont, sh. vaibakloppimispuud pesukuivatuspuud lastekiiged istepingid jne.				
5. Majasiseste tehnovõrkude ja -süsteemide tehniline teenindamine, sh. küttesüsteemi teenindamine sanitaartehnikaalane teenindamine elektriseadmete teenindamine kanalisatsioonialane teenindamine lööride, korstnate, luukide ja ventilatsioonisüsteemide teenindamine suitsuärastus- ja tuletõrjesüsteemide teenindamine majasiseste tehnovõrkude teenindamine avariide korral teleantennide teenindamine fonolukkude teenindamine telefoni- ja translatsiooniliinide teenindamine liftide teenindamine pliitide ja ahjude hooldus				
6. Elamu juurde kuuluvate tehnovõrkude tehniline teenindamine, sh. veesisend kanalisatsioonisisend elektrisisend soojussisend jne.				
Kommunaalmaksete vahendamine				
Üüri ja osamaksu arvestamine ja kogumine				
Üldkoosolekute ettevalmistamine ja läbiviimine				
Järelevalveteenused				
Raamatupidamisteenused jne.				

Ühistu juhatuse esimees . . . . . .
(allkiri)
(pitser)

Hooldaja (juhataja/direktor) . . . . . .
(allkiri)
(pitser)

Translation from Estonian to English

Approved by the Government of
the Republic of Estonia Decree No. 225
as of August, 5, 1992.

DIRECTION ON DETERMINATION OF EVALUATION COEFFICIENTS IN PRIVATIZATION OF HOUSING

One square meter of any housing unit or living space shall be evaluated as equal to one square meter of general living space in a type 121-02E large panel apartment building by use of coefficients according to the Law on Privatization of State and Municipal Housing. The calculation of evaluation coefficients determined in this Decree shall be based on the use value characteristics of privatized living space (amortization, standard of repair and other functional characteristics).

The evaluation coefficient shall be interpreted as the value ratio of a specific housing unit as to the standard housing unit. It shall reflect the difference of lodging quality between the housing units under comparison and shall be determined by comparing the degree of moral and physical amortization of the housing units in question.

The determination of the evaluation coefficient shall be based on comparison of the restoration value of a housing unit with the restoration value of the standard housing unit. Quality of construction and planning , availability of technological networks, quality of finishing, degree of amortization as well as other characteristics of lodging quality shall be taken into account.
Housing units have been divided into two different quality groups for the determination of evaluation coefficients:

I **Housing built after 1944 (charts 1 and 2)**
The following types of housing belong to this groups:

1. Housing units equal to the standard housing unit: multilayered armored concrete panel buildings, oil-shale and gas-concrete as well as foamed silicalcite panel and block buildings and type 317 brick buildings.

2. Ceramic and "honeycomb" brick houses, 51 cm outer wall thickness.

3. Brick buildings , 43 cm outerwall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding).

4. Custom made brick buildings, higher quality finishing and planning.

5. Linked housing (a type of connected private homes built in rows) and private homes with higher standard finishing, 43 cm wall thickness and mineral wool thermal padding.

6 and 7

Wooden buildings built of assembled wall and ceiling panels (buildings with and without basement).

II Housing built before 1941 (chart 3):

type K stone buildings, outer wall thickness 51 and 64 cm;

type B log buildings with wooden staircases , apartments with plain planning. The apartments mainly consist of a room and a kitchen or a room with a kitchen nook. The WC or the dry toilet is situated in the common corridor and used by all the residents on the floor. In small towns outhouses are sometimes met. This kind of houses have usually been built before 1914;

type C log buildings or buildings with wooden lattice walls with filling. Spacious rooms and regular planning. There is water supply and sewerage, and quite often bathrooms in the apartments. In some cases the apartment has two entrances to the corridors, the narrow corridor leading from the kitchen to the yard or garden. Construction period: 1919-1940.

type D buildings with log, balk or wooden lattice walls with filling and stone staircases in different stages of repair. Construction period: 1928-1940.

The determination of the evaluation coefficient for panel and stone buildings less than 35 years old (according to Chart 1) shall be based on the age of the building using a coefficient, taking into account the stage of physical amortization of the building in question. For determining the evaluation coefficient for buildings more than 35 years old and panel or stone buildings with constructional deformation and faults, the physical amortization of the building shall be calculated from the average amortization of building structures. A relevant evaluation coefficient shall then be found from Charts 2 or 3 basing on that data.

The age of the building has been given by 10 years (chart 1) and physical amortization by 10 % (charts 2 and 3) for determining the evaluation coefficient. Interpolation shall be used for calculating the evaluation coefficient for buildings , the exact age or amortization percentage of which cannot be found in the charts.

Zone coefficients from 0,5 to 1,5 received by zoning the territory of the town or other settlement can be used by resolution of local government executive bodies in the process of housing privatization in towns and other settlements. In case the local government has not zoned the territory and a relevant coefficient has not been attached to each zone , the zoning coefficient of any location shall equal to 1,0.

Comments

1. The physical amortization of housing shall be determined from the " Charts for Determining the Physical Amortization of Housing " approved by the Housing Board.

2. If the building contains other rooms, used by private or legal persons in addition to the apartments to be privatized, the rooms mentioned above shall not be evaluated according to this Direction. Their evaluation shall be carried out according to the principles determined by the State Property Board.

Chart 1

Evaluation coefficients (Vk) for housing constructed later than 1944 depending on the age of the building and in comparison with a121-02 E type large panel building taken as a standard housing unit

#	Type of building	Age of building in years				
		0	10	20	30	40
1.		Evaluation coefficient				
a)	Multilayered armored concrete panel buildings, oil-shale and gas-concrete, foamed silicalcite panel and block buildings	1,00	0,94	0,89	0,83	0,80
b)	type 317 brick buildings.					

#	Type of building	Age of building in years				
		0	10	20	30	40
		Evaluation coefficient				
2.	Ceramic and "honeycomb" brick houses, with 51 cm outer wall thickness.	1,20	1,15	1,09	1,04	1,01
3.	Brick buildings with 43 cm wall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding).	1,14	1,09	1,03	0,98	0,95
4.	Custom made brick buildings with higher quality finishing and planning.	1,36	1,31	1,25	1,20	1,17
5.	Linked housing and private homes with higher standard finishing.	1,71	1,66	1,60	1,55	1,50
6.	Wooden buildings built of assembled wall and ceiling panelling with basement and central heating.	0,70	0,60	0,50	-	-
7.	The same, without basement and central heating	0,60	0,59	0,54	-	-

Comments

1. The physical amortization for panel and stone housing more than 35 years old shall be determined according to the average amortization of its construction elements as the process of amortization in buildings of such age cannot be considered to be linear any longer because of capital repairs. The same goes for wooden panel buildings over 20 years of age. The evaluation coefficient of such houses shall be determined according to chart #2.

2. The evaluation coefficient shall be determined from the average amortization of the construction elements in case deformation is found. The age of the building shall not be takeninto accounts in cases like that.

Chart 2

Evaluation coefficients (Vk) for types of housing enlisted in Chart 1 based on amortization of buildings

#	Type of building	Age of building in years				
		10	20	30	40	50
		Physical amortization %				
1.	Multilayered armored concrete panel buildings, oil-shale and gas-concrete, foamed silicalcite panel and block buildings	0,90	0,80	0,70	0,60	0,50
2.	Ceramic and "honeycomb" brick houses, with 51 cm outer wall thickness.	1,08	0,96	0,84	0,72	0,60
3.	Brick buildings with 43 cm wall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding)	1,03	0,91	0,80	0,68	0,57
4.	Custom made brick buildings with higher quality finishing and blueprint.	1,22	1,09	0,95	0,82	0,68
5.	Linked housing and private homes with higher standard finishing.	1,54	1,37	1,20	1,03	0,86
6.	Wooden buildings built of assembled wall and ceiling panelling with basement and central heating.	0,63	0,56	0,49	0,42	0, 36
7.	The same, without basement and central heating	0,57	0,50	0,44	0,38	0,32

Chart 3

Evaluation coefficients (Vk) for housing constructed before 1944 in comparison with a121-02 E type large panel building taken as a standard housing unit

Vk of standard subject = 1,00

#	Type of building	Physical amortization %							
		0	10	20	30	40	50	60	70
1	2	3	4	5	6	7	8	9	10
	Type K stone building	**Evaluation coefficients**							
1.	Brick building, wall thickness 51 cm,central heating, bathrooms, standard finishing	1,34	1,21	1,07	0,94	0,80	0,67	0,54	0,40
2.	Same, higher quality finishing (parquetry floors in living rooms, glazed tiles in bathrooms)	1,37	1,23	1,10	0,96	0,82	0,69	0,55	0,41
3.	Same, central heating, without bathrooms, standard finishing	1,29	1,16	1,03	0,90	0,77	0,65	0,52	0,38
4.	Same, stove heating, bathrooms, plain tile stoves, standard finishing	1,31	1,18	1,05	0,92	0,79	0,66	0,52	0,39
5.	Same, stove heating, without bathrooms	1,26	1,13	1,01	0,88	0,76	0,63	0,50	0,38
6.	Same, stove heating, bathrooms, glazed tile stoves	1,35	1,21	1,08	0,95	0,81	0,67	0,54	0,40
7.	Same, stove heating, without bathrooms, glazed tile ovens, higher quality finishing	1,31	1,18	1,05	0,92	0,79	0,66	0,52	0,39

Comment

1. In cases of buildings with wall thickness 64 cm the evaluation coefficients enlisted from # 1 to 7 shall be multiplied with factor 1,04.

1	2	3	4	5	6	7	8	9	10
	Wooden buildings Type B - log and balk walls, wooden staircases								
8.	Apartments consisting of one room and kitchen, or kitchen nook, no auxiliary rooms, water tap in the kitchen or common corridor, common WC for the whole floor. Cellars. Built before 1914.	0,70	0,63	0,56	0,49	0,42	0,35	0,28	0,21
9.	Same, without cellar	0,63	0,57	0,50	0,44	0,38	0,32	0,25	0,19
	Type C - wooden buildings with log and balk walls and better planning								
10.	Necessary auxiliary rooms, water and sewerage, bathrooms, stoves, plank flooring in living rooms, cellars, wooden staircases	0,84	0,76	0,67	0,59	0,50	0,42	0,34	0,25
11.	Same, parquetry flooring in living rooms and glazed tile stoves	0,91	0,82	0,73	0,64	0,55	0,46	0,36	0,27
12.	Same, central heating	0,89	0,81	0,72	0,63	0,54	0,45	0,37	0,28
13.	Same, no bathrooms, plain tile stoves and plank flooring	0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
14.	Same, no basements, no bathrooms, plain tile stoves, plank flooring	0,74	0,67	0,59	0,52	0,44	0,37	0,30	0,22
15.	Same, no basement, bathrooms, glazed tile stoves, parqetry flooring	0,80	0,72	0,64	0,56	0,48	0,40	0,32	0,24
	Type C - filling walls, wooden staircases								
16.	Necessary auxiliary rooms, water, sewerage, bathrooms, plain tile stoves, plank flooring, cellars	0,79	0,71	0,63	0,55	0,47	0,40	0,32	0,24

1	2	3	4	5	6	7	8	9	10
17.	Same, parquetry flooring in living rooms, glazed tile stoves	0,83	0,75	0,66	0,58	0,50	0,42	0,33	0,25
18.	Same, central heating	0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
19.	Same, no bathrooms, plain tile stoves, plank flooring	0,75	0,68	0,61	0,53	0,46	0,38	0,31	0,23
20.	Same, no cellars, no bathrooms, plain tile stoves and plank flooring	0,70	0,63	0,56	0,49	0,42	0,35	0,28	0,21
21.	Same, no cellars, bathrooms, plain tile stoves, plank flooring	0,73	0,66	0,58	0,51	0,44	0,37	0,29	0,22

Comment

In cases of no running water in the building and an outhouse, the evaluation coefficient of housing enlisted in #s 8,9,13,14,19,20 shall be multiplied with factor 0,95.

Type D - Log or balk wall wooden buildings with stone staircases

22.	Stove heating, standard finishing, basement	0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
23.	Same, higher quality finishing, parquetry flooring, glazed tile stoves	0,89	0,81	0,72	0,63	0,54	0,45	0,36	0,28
24.	Bathrooms, standard finishing	0,91	0,82	0,73	0,64	0,55	0,46	0,36	0,27
25.	Same, higher quality finishing, parqetry flooring, glazed tile stoves	0,95	0,86	0,77	0,68	0,58	0,49	0,39	0,30
26.	Same, without basement, stove heating, without bathrooms, standard finishing	0,94	0,85	0,75	0,66	0,57	0,48	0,38	0,28

1	2	3	4	5	6	7	8	9	10
28.	Same, without basement, stove heating, bathrooms, standard finishing	0,77	0,69	0,62	0,54	0,46	0,39	0,31	0,23
29.	Same, no basement, higher quality finishing	0,80	0,72	0,64	0,56	0,48	0,40	0,32	0,24
	Type D - stone staircases, wooden filling walls								
30.	Stove heating, no bathrooms, plain finishing, basement	0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
31.	Same, higher quality finishing, parquetry flooring in living rooms, glazed tile stoves	0,84	0,76	0,67	0,59	0,50	0,42	0,34	0,25
32.	Same, bathrooms, standard finishing	0,87	0,78	0,70	0,61	0,52	0,43	0,35	0,26
33.	Same, bathrooms, higher quality, parquetry flooring, glazed tile stoves	0,90	0,81	0,72	0,63	0,54	0,45	0,36	0,27
34.	Same, central heating, bathrooms, higher quality finishing	0,89	0,81	0,72	0,63	0,54	0,45	0,36	0,28
35.	Same, central heating, no bathrooms, standard finishing	0,85	0,77	0,68	0,60	0,51	0,43	0,34	0,26
36.	Same, no basement, stove heating, no bathrooms, standard finishing	0,73	0,66	0,58	0,51	0,44	0,37	0,29	0,22
37.	Same, no basement, higher quality finishing	0,78	0,70	0,62	0,55	0,47	0,39	0,31	0,23

Approved by the Government of
the Republic of Estonia Decree No. 225
as of August, 5, 1992.

MODEL STATUTES OF APARTMENT SOCIETY

I General Regulations

1. The official name of the Apartment Society (hereinafter: Society) shall be: "_____".

2. The address of the Society shall be: _____, Republic of Estonia.

3. The objective of the Society's operation shall be creating favourable conditions to apartment owners for the common possession, usage and maintenence of the housing unit in their joint ownership.

4. The Society shall be a separate legal person operating according to the Laws and other legal acts, the Articles of its Association and these Statutes.

5. The Society shall be entitled to procure property and non-property rights, have liabilities, act as plaintiff or defendant in a Court of Law, Arbitration Court or Arbitration in its own name. The Society shall own property, a separate balance sheet and a seal in its name.

6. The following shall be interpreted as the property belonging to the Society:
   1) means and property contributed to the Society by the Members;
   2) means and property created during the Society's operation;
   3) received income and other property procured according to legislation;

   The Society shall independently possess, use and maintain all property in its ownership. It shall be have the right to sell and purchase, rent out, present, exchange, transfer from one balance sheet to another, write off its totally amortized or out of date basic means.

7. The Society shall have the right to open a bank account.

8. The Society shall have the right to independently determine prices and tariffs for its services.

9. The Society shall be liable for its obligations with all its property. A Society Member's liablities for the Society's obligations shall be limited to the size of his compulsory contribution.

10. The Statutes of the Society as well as alterations and amendments hereto shall be registered by the local government
The Society shall gain the powers of a legal person at the moment of registration of its Statutes.

II Conditions and Order of Admission, Leaving and Exclusion from the Society

11. Owners of apartments in the following housing units _____ (exact address) can be Members to the Society Admission to the Society shall be carried out by a written application of an apartment owner in an apartment building according to the order determined by the Statutes.

12. The application for admission shall be reviewed within one month calculated from the day of receiving the application.

13. The date of admission to the Society shall be considered to be the date of passing the relevant decision.

14. The Society shall keep a List of Members, whereinto the first and family name of the apartment owner, place of residence and the address of the apartment in his ownership ; the official name of a legal person and number(s) of apartment(s) in its ownership, size of membership fee and the date of payment, amendments concerning the contributions and date of leaving the Society (by resigning or by expulsion).
The Member of the Society shall be given a Membership Card or Book.

15. Admission to the Society can be denied in case it should conflict with the terms of the Statutes.

16. The denial for admission to the Society shall contain sufficient explanation as to the reason for rejection of the applicant.

17. A copy of the resolution denying admission to the Society shall be sent to the applicant within 3 days after the date of passing the decision.

18. The owner of the apartment shall have the right to take legal proceedings within 3 months after the date of receiving the copy of refusal.

19. The Member of the Society shall have the right to leave the Society based on a written application.

20. The date for leaving the Society shall be considered to be the last day of the current fiscal year in case the applicant had submitted his application within two months prior to the end of the fiscal year. In case the application had been submitted later, the last day of the next fiscal year shall be considered to be the date of leaving the Society.

21. The Member shall be excluded from the Society in the following events:
    1) the demise of the Member;
    2) liquidation of a legal person;
    3) in case the Member should be incapable to carry out his obligations or carries them out in an unacceptable manner;
    4) alienation of the apartment in the Member's ownership (sale, exchange, presenting, alienation on condition of granting life-long support).

22. One of the Member's inheritors shall be entitled to Membership in case he should meet the terms of the Statutes of the Society and shall submit a written application within one year after the demise of the former Member.
    All disagreements between inheritors shall be settled in a Court of Law.

23. A copy of the exclusion resolution shall be sent to the excluded Member within 3 days after passing the resolution.

24. The excluded Member shall have the right to lodge a complaint to the Members' General Meeting within 30 days after receiving the exclusion resolution in case he should disagree with the above resolution.

25. The Members' General Meeting shall review the complaint and pass a decision at the first General Meeting after receiving the protest.
    The person lodging a complaint shall be notified in writing of the time and

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location of the Meeting.

26. The presence of the person lodging a complaint at the Meeting reviewing his complaint is mandatory, unless the above person has not given a written permission to proceed without him.

27. A copy of the General Meeting resolution shall be sent to the person lodging a complaint within 3 days after passing of the resolution.

28. The former Society Member in disagreement with the General Meeting exclusion resolution shall have the right to take legal proceedings within 3 months after the date of passing the decision.

III Rights, Obligations and Liabilities of the Member

29. The owner shall aquire the powers of a Member at the moment of his admission to the Society

30. The Member shall have the right to :
    1) participate in (Trustees') General Meetings ;
    2) elect and be elected to the administrative and control bodies of the Society;
    3) have access to information concerning the Society's operation;
    4) receive dividends distributed among the Members;
    5) alienate his share;
    6) alienate (sell, exchange, present, alienate on condition of granting life-long support) his apartment.
    7) leave the Society;
    8) use other powers determined in the Statutes.

31. The Member shall be obliged to:
    1) pursue all terms of these Statutes and resolutions of (Trustees') General Meetings and the Board;
    2) make special contributions in the amount and at the date stipulated by the Members' (Trustees') General Meeting in proper time;
    3) take active part in carrying out tasks in and around the building as resolved by the Members' (Trustees') General Meeting in person or by proxy (family members or other persons).
    4) pursue all sanitation, fire precautions and housing operation rules and regulation in his own apartment as well as common premises of the housing unit (cellar, attic, stairway, trash shafts, elevators, etc.).

32. The Member of the Society shall be liable :
   1) for the Society's obligations within the size of his mandatory contribution. In case the Member has paid a larger amount than the sum of contribution determined in the Statutes, he shall be liable within the amount of the payment made by him;
   2) for obligations incurred by the Society prior to the Member's admission to the Society within the limits mentioned in the Section above;
   3) upon leaving the Society for the obligations incurred by the Society within one year prior to his leaving calculated from the date of his leaving within the size of his contribution.

33. Employment of the Member by the Society.
The Member's employment by the Society shall be regulated by Employment Contracts and the Labor Laws of the Republic of Estonia.

IV Capitals and Operation of the Society

34. The capitals of the Society shall be the following:
   1) Share Capital;
   2) Reserve Capital;
   3) Special Capitals.

35. The Share Capital shall be formed from the Members' contributions. The contributions shall be either monetary or non-monetary payments, wherewhith the Member of the Society shall take part in forming the Society's property.

36. The minimal contribution of the apartment owner shall be _____EEK (Estonian kroon) and its equivalent in cash shall be equal to all the Members.
The minimal contribution for a legal person shall be _____EEK per one apartment in its possession.

37. Non-monetary contributions shall be registered by separate agreement between a person authorized by the Board and the person making the contribution, the cash equivalent of the contribution shall be determined.

38. The contributions of Society Members are not claimable, except in cases provided by Estonian Law.

39. In case the Member should fail to fulfill obligations resulting from his Membership the Society shall have the right to arrest his contribution without a court order and use it for covering his debts.

40. The Society Member member shall be given a Share as certifcation of the size of his contribution. Payment of contribution can be recorded in the Membership Card or Book instead of issuing Shares.

41. The Society Member shall have the right to assign his Share to a non-member according to conditions provided in Article 24.4.

42. In case the assignee should meet the requirements of the Statutes, the Board shall be obliged to approve of the said transaction and register it in the List of Members.
The assignee shall acquire all rights and obligations of a Member from the date of his registration.

43. The assignor shall have the right to remain a Memberin case the assignment had not been registered.

44. The assignor shall have the right to start legal proceedings against the Board's decision not to register the assignment within 1 month after the sentence had been passed. A copy of the Board's decision shall be sent to the assignor and assignee within 3 days calculated from the date of passing the decision.

45. The contribution of departed Member, his inheritor or a legal person's successor shall be returned within 6 months calculated from the day of his leaving the Society from the contribution of a new Member.

46. The Reserve Capital shall be built up from:
    1) profit contributions,
    2) entrance fees, if so provised in the Statutes;
    3) interest of the Reserve Capital.

47. The Reserve Capital shall be used to cover losses possibly arising from the Society's activities and for procuring real estate.

4. The Society's Special Capitals shall be built up from special payments of the Members.
Special payments shall be interpreted as payments for the necessary

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maintenance, current and thorough repairs of the housing unit and the grounds. Other payments can be established by resolution of the Members' (Trustees') General Meeting to cover the expenses from the Society's activities.
Upon determining the size of a special payment the general area of the relevant apartment in comparison to the general area of the housing unit shall be taken into account, unless otherways provided by a General Meeting resolution

49. Debts of special payment shall be claimed from Members by an inscription of execution given by public Notary.

50. The Society shall operate and repair the housing unit belonging to its members by the power of ownership according to principles of full self-financing.

51. The Society shall have the right to conclude Contracts for repairing, servicing and maintenance with relevant organizations or private persons or carry out the above tasks for itself.

52. The Society shall conclude direct Contracts with organizations and companies for the maintenance and repairs of fire alarm and extinguish systems, gas installations, electric ovens, and elevators as well as utilizing and taking stock of the radio transmittance, water and sewerage system, not depending on the form of operational services.

53. The Society shall have the right to establish co-operative Housing Authorities for maintenance, servicing and repairs that shall be financed by their founders. The Society shall have th eright to engage in other business activities.

54. The Society can use the private equipment and instruments of its Members compensating the operation costs to the owner. The Society shall compensate the cost of materials belonging to the Members used for maintenance and repairs of the housing unit.

55. The Society shall keep necessary accounts as to its operation and shall be responsible for their authenticity.
An accountant shall be employed to keep the accounts by contract.

V Management of the Society

56. The highest managing body of theSociety shall be the Members' General Meeting. In Societies with more than 200 Members a Members' Trustees Genaral Meeting can be provided. The Trustees' General Meeting shall have the same powers as the Members' General Meeting. The order and basis for electing the Trustees shall be stipulated in these Statutes.

57 The following matters shall belong to the sole competence of the General Meeting:
1) adopting, altering and amending the Statutes;
2) reviewing and approving the Annual Fiscal Report and Balance Sheet;
3) reviewing and approving theAudit Committee's Report;
4) evaluating the Board's activities;
5) distribution of profit, establishing capitals;
6) determining the number of Board and Audit Committee Members, the order and basis for the term of their authorization and their compensation;
7) electing the Board and Audit Committee Members and their discharging ahead of time;
8) settling claims arising from these Statutes;
9) passing decisions as to the reorganization of liquidation of the Society,
10) passing decisions as to all other matters concerning the Society's operation.

58. The General Meetings of the Society shall be regular and extraordinary The Board (Chairman of the Board) shall convene the regular General Meeting (Trustees' Meeting) according to need but at least once a year.

59. The Board (Chairman) shall convene the extaordinary Genaral Meeting at the demand of at least 1/10 of the Members, 1/3 of the Board or the Audit Committee.

60. In case the Board has failed to convene the Genaral Meeting in proper time, the Members shall have the right to appeal to the local government who shall then convene the General Meeting within 15 days calculated from the date of requiring [illegible]

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61. Relevant parties shall be notified of convening the General Meeting 15 days prior to the Meeting;
The note shall contain following information:
1) the time and place of holding the Meeting;
2) agenda.

62. The General Meeting of the Society Members (Trustees) shall be competent to pass decisions in case at least 2/3 of the Members (Trustees) are present. Next Meeting shall be convened with the same agenda by written notice 15 days prior to the Meeting in case proper quorum had not been reached at the first Meeting.
The second Meeting shall be competent despite of the number of Members present.
The resolutions of a General Members' (Trustees') Meeting shall be adopted with a simple majority of vote unless otherways stipulated in the Statutes. Resolutions concerning making amendments and alteratoins to the Statutes as well as liquidation and reorganization of the Society shall be passed with a 2/3 majority of votes

63. Minutes shall be kept concerning each General Meeting to be signed by the Chairman of th eMeeting and the keeper of the Minutes.

64. The Board shall act as the managing body of the Society. A Society consisting of less than 10 shall elect only a Chairman.

65. The Board shall be authorized to:
1) admit and exclude Members from the Society;
2) keep record of the Members;
3) authorize persons to represent the Society without power of attorney;
4) employ and dismiss staff and Managing Director of the Society;
5) review the Annual Fiscal Report and Balance Sheet and submit them to the General Meeting for approval;
6) take decisions concerning other matters not in the sole competence of the General Meeting.

66. The Members of the Board shall elect a Chairman from their midst. The Chairman shall convene and preside over Board Meetings. The Chairman of the Board shall have signatory rights.

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67. Board Meetings shall be convened at least once in three months. The Board shall be competent to pass decisions in case at least 1/2 of its Members are present at the Meeting. Board Decisins shall be passed with a simple majority of votes. The Chairman shall have a casting vote in case of even vote. Minutes shall be kept at each Meeting and the Board decision signed by all participating Board Members.

68. The Board Members shall be jointly responsible for failing to fulfill their obligations or causing material damage by incompetent performance. A Board Member shall be granted exemption from his responsibilities in case his difference of opinion concerning the decision had been entered into the Minutes or for his absence from the Board Meetings for sufficient reason (illness, etc.). The Board Members shall lose their responsibility for the outcome of last year's business activities from the moment of the General Meeting's approval of the Board's activities.

69. The Managing Director shall be in charge of the current operation and business management of the Society. Any Board Member except the Chairman can be the Managing Director. The Chairman can act as Managing Director in Societies with less than 50 members. The Managing Director shall have the right to represent the Society and sign documents within his authority as stipulated in the Statutes without a special power of attorney.

VI Audit of the Society's Operation

70 The Audit Committee shall be the controlling body of the Society. An Auditor can be elected in Societies with less than 50 Members. Board Members, the Managing Director and accountants as well as their spouses, children, siblings and parents cannot act as Auditors or Members of the Audit Committee

71. The Audit Committee (Auditor) shall conduct an Audit of the Society's operation, compile an Audit Report and submit it to th eGeneral Meeting for approval at the end of a fiscal year.

72. The Audit Committee (Auditor) shall have the right to check the property, all accounts and bookkeeping documentation of the Society and are entitled to necessary explanation and other assistance for carrying out the Audit. The Members of the Audit Committee (Auditor) shall have the right

to attend the Society's Board and General Meetings.

73. Audit Committee Meetings shall be convened according to need, however at least once a year. The Audit Committee Meeting shall be competent to pass decisions in case at least 2/3 of the Committee Members are present at the Meeting. An Audit Committee Decision shall be valid in case 2/3 of the Committee Members present at the Meeting had voted in favour of it. All Committee Members giving their vote in favour of the decision shall sign it. Minutes shall be kept at each Audit Committee Meeting and all Committee Members present shall sign them.

VII Accounting and Distribution of Profit

74. The Society shall be obliged to keep account of its operation as well as compile and submit necessary accounting and statistical reports according to current regulations

75. The Audit Committee and governmental controlling bodies shall check the authenticity of the accounting and reports within the limits of their authorization.

76. The profit of the Society shall be calculated according to current accounting rules and regulations.

77. The net profit shall be distributed as follows:
    1) at least 20% directed to the Reserve Capital;
    2) the size of the dividend payable to Members(share of profit in proportion to the size of their contribution to the Share Capital) shall not exceed the loan percentage of the Bank of Estonia during the last fiscal year.
    3) remaining funds shall be distributed according to need.

VIII Reorganization and Liquidation of the Society

78. The reorganization of the Society (merger, separating, severing, restructuring) shall be carried out by a General Meeting resolution. The decision for reorganization shall contain information as to the legal successor to the Society, to whom the liabilities and rights shall be passed.

79. The Society shall be liquidated according to a court judgement or General Meeting resolution in case:
    1) less than 3 Members remain in the Society and new Members have not been admitted within a 3 months period;
    2) the Membersip of the Society does not meet the requirements of these Statues and has not been altered within 2 months;
    3) the foundation documents of the Society shall be declared null and void by the court;
    4) in cases provided by these Statutes;
    5) other events provided by Estonian Law.

80. The Society shall be liquidated according to the procedures provided by Estonian Law and these Statutes.

81. Upon adopting the resolution of the Society's liquidation by the General Meeting a Liquidation Committee shall be elected and its term of office, (no longer than 3 months) as well as the terms of compensating the Liquidation Committee Members and the date of the last General Meeting determined. In case the judgement to liquidate had been passed by a court, the court shall also decide upon apponting of a three - member Liquidation Committee.

82. The Liquidation Committee shall manage the Society's affairs from the day of its election or appontment, resuming the business operation of the Society within the extent necessary for carrying out the liquidation process. The Board shall compile a Liquidation Balance within one month after the decision to liquidate was passed, for the period mentioned earlier and submit it to the Liquidation Committee. The Audit Committee shall compile an Audit Report and submit it to the Liquidation Committee at the same time.

83. The Liquidation Committee shall be obliged to:
    1) notify the Creditors of the Society of its liquidation and determine a date for presenting the claims, no shorter than 2 months calculated from the day of notice.
    2) claim debts from the Society's Debtors;
    3) alienate Society's property to meet the Creditors' claims;
    4) pay the debts of the Society and fulfill its other obligations;
    5) return the contributions to the Members after paying all the debts;

    The remaining property of the Society shall be distributed proportionally to the size of the Members' shares in case the property of the Society

should prove to be insufficient to return all contributions,

6) after returning the contributions to the Members distribute the remaining property in proportion to the size of theircontribution to the Share Capital.

84. The Liquidation Committee shall compile and submit the Final Deed and Report as to its activities after carrying out its duties to its founding body. The Report of the Society's Audit Committee shall be submitted simultaneously with the Liquidation documents. The Liquidation Committee shall notify the Society' s registering body after the reviewal of the above documents.

85. The Members in disagreement with the General Meeting's decision to liquidate shall have the right to take legal proceedings according to the order stipulated by Estonian Law.

Explanations on Compilation of Apartment Society's Articles of Association

1. Apartment Societies can be founded in apartment buildings with at least 3 apartment owners.

2. The decision to found an Apartment Society shall be taken by the General Meeting of at least 3 apartment owners (Founding Members) and representatives of a legal person. The foundation decision shall be put into formal order in the Articles of Association.

3. The legal person shall be interpreted as the subject to mandatory privatization as provided in Article 6 of the Law on State and Municipal Housing of the Republic of Estonia.

4. A Housing Cooperative shall be reorganized as a Apartment Society in case the Members of the Cooperative have ownership rights to apartments in their possession as stipulated in Article 27 of the Law on Housing of the Republic of Estonia.

5. All Apartment Societies have a common objective to be stipulated in their respective Statute.

6. The number of apartments in Artivcle 2 of the Articles of Association shall

be interpreted as the total number of apartments in the apartment building in question and the number of apartment owners as the total number of apartment owners. The number of Founding Members does not have to equal the total number of apartment owners as the decision concerning the foundation of the Society shall be adopted by the General Meeting of prospective Members.

7. The size of the contribution put forth in Articles of Association, Article 3 shall be determined according to circumstances necessary to the common possession, utilization and maintenance. The sum may be of symbolic value in some cases (1 EEK). The order and usage of special payments shall be stipulated in the Statutes of the Society.
   The order of increasing, decreasing, alienation and return of the contributions shall be stipulated in the Statutes of the Society.
   The monetaty equivalent of a minimal contribution shall be equal to all Members.
   The minimal contribution of a legal person shall be detrmined according to the number of apartments in its possession.
   The liability of a Member to the obligations of the Society shall be limited to the size of his mandatory contribution only

8. The Foundation Meeting shall approve the Statutes of the Society and elect a managing body starting its operation from the Society's date of registration

Example of Apartment Society's Articles of Association

We, the Apartment owners, listed below:
1. _____ (name, surname and address)
2. _____
3. _____
and _____ (name and address of legal person)

pursuant to the Law of the Republic of Estonia on Privatzation of State and Municipal Housing and the Estonian Legislation agree in the following:

1. To found an Apartment Society under the following name " _____ " (hereinafter: Society).
2. The Society shall be founded in a building of _____ (nr. of apartments in building) apartments and _____ apartment owners.
3. For provision of necessary monetary means to the Society , we

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hereby determine the size of a contribution to be_____EEK payable_____(order and date of payment).

4. Authorization of the Founding Members:
   1) the Founding Members shall be jointly responsible for their obligations assumed in the process of foundation;
   2) the General Meeting following the registration of the Society shall approve of the obligations assumed by the Founding Members;
   3) the obligations shall be transferred to the Society in case of the General Meeting's approval.

5. The Founding Meeting of the Society shall be held _____ (time and place)

6. These Articles have been executed in two original counterparts as of _____ (date and place of entering).

Founding Members:

1.
2.
3.
etc.

(Names, surnames of Apartment Owners, signature)
(Name of Legal Person, office of Representative and signature, Seal of Legal Person)

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A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

ORDER OF TRANSFERRING THE TITLE FOR PRIVATIZED HOUSING

1. When housing is privatized, a sales contract is concluded. The selling price and conditions must be specified on the contract.

2. The sales contract is concluded between the title owner (in whose balance the housing is) of the privatized housing, which may be an enterprize, organization or legal person, as stated in Article 6 of the Law of the Republic of Estonia on Privatization of State and Municipal Housing, and persons specified in Article 5 of the same Law. The contract must be notarized.

3. The contract is signed by the manager of an enterprize or an organization or by a legal person, or a warranted representative, and the person renting the property or an adult family member sharing the residence with him or her, in which case a written agreement between the family members verified by the local authority must be prepared, or by a person wishing to buy the uninhabited housing unit.

4. When a sales contract is concluded the necessary amount for purchasing the housing, specified in the contract, must be paid using either popular capital obligations, Estonian kroons or securities issued as compensation for restitution property.

5. Housing can also be purchased through installment payments.

6. Papers showing payment using popular capital obligations, securities issued as compensation for restitution property or Estonian kroons in the amount specified in the contract must be presented to a notary public.

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If installment payments are used, the person purchasing the housing must present a paper showing a down payment in an amount determined by the Government of Estonia or by a local authority council and verified by the enterprize, organization or legal person responsible for the housing being privatized.

7. A certificate showing that the fee has been paid to the state must also be presented to the notary public. The fee is applied only against the portion of the total payment paid in Estonian kroons.

No fee is applied to the portion of the total payment paid using popular capital obligations or securities issued as compensation for restitution property.

8. The notary public must check, before verifying the contract, if the parties have the right to purchase the housing according to Articles 4 and 6 of the Law mentioned in Article 2 of the present Order. The notary public must also check that the purchase price for the housing and the fee to the state have been paid and that the correct amounts of each means of payment have been used.

9. Transfer of the title for the privatized housing is effective the moment the contract is signed by a notary public. The transaction is invalid if the sales contract is not signed by a notary public, which will bring about consequences according to civil law.

10. The sales contract must be registered with the executive body of the local authority within three months of signature of the contract by a notary public.

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GB

A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

ORDER OF TRANSFERRING POPULAR CAPITAL OBLIGATIONS

1. A popular capital obligation belongs to one particular person and bears the name of that person. Obligations can be used only to buy privatized property.

2. For privatization of housing, popular capital obligations are issued to residents on the basis of years worked.

3. In privatization of state and municipal housing, popular capital obligations can be transferred from one person to another only as a gift.

4. In privatization of housing popular capital obligations may be transferred as a gift to parents, spouses, in-laws, sisters and brothers and their in-laws on the condition that they have been permanent residents of Estonia for at least the last five years.

5. The gift contract will be prepared in writing and must be notarized. If the contract is not notarized, the ownership rights to the obligation will not change. When popular capital obligations are transferred as a gift, the years worked (one year worked corresponds to one square meter of housing) are transferred from the voucher card of the giver onto the voucher card of the recipient and a written gift contract is prepared.

6. Before the contract is concluded, the giver or the receiver of the gift must pay a fee to the state.

7. The transfer of the gift and the transfer of ownership of the gift are considered executed from the moment the contract is signed by the parties in the presence of Notary Public.

8. For privatization of housing (for preparing a sales contract) family members living in that particular housing unit can pool their vouchers (years worked). In such a case a gift contract is not required.

9. According to the Directions for Completing Popular Capital Obligation Cards, the popular capital obligations can be used for purchasing housing over a four-year period. The same period applies for obligations received as a gift.

10. If a person renting a housing unit or an adult family member permanently living with that person dies before the four-year period is over and has not been able to use the popular capital obligation for purchasing housing or another type of privatized property, the obligations will be transferred to the heirs as an inheritance on the basis of a will or law, and the period for using the obligation by the heir for purchasing housing will be extended by six months.

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A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

DIRECTIONS FOR COMPLETING POPULAR CAPITAL OBLIGATION CARD

The popular capital obligation card (hereinafter: voucher card), the form of which is added to the present Directions, is an aid for determining the value of the popular capital obligation established by the Law of the Republic of Estonia on the Bases for the Property Reform.

The voucher card will be issued to persons who are permanent residents of the Republic of Estonia as of January 1, 1992 (in case of the death of a person - to the heirs). The number of years worked (working period) by the person shall be marked on the card, in accordance with the Law of the Republic of Estonia on Privatization of State and Municipal Housing. If a person has worked on a collective farm and is entitled to an agricultural voucher on the basis of the Agricultural Reform Law of the Republic of Estonia, the number of years worked by this person on a farm shall be marked on the popular capital voucher card if the person requests a voucher card.

The voucher card may be used over a four-year period since the date of its issue as an accounting document for the popular capital obligation for privatization of housing. For people who do not wish to use years worked for direct purchase of housing, the Bank of Estonia will issue, on the basis of the data marked on the voucher card, a popular capital obligation in the form of a security, which can be used to purchase other types of privatized state property. This obligation can also be transferred as a gift or inheritance.

I. ORDER OF ISSUING VOUCHER CARD

1. Blank cards are issued by the National Housing Board — to persons warranted by local authorities in towns and counties.

The National Housing Board will keep records on the number of cards issued. The number of cards issued to local authorities of towns and counties must correspond to the number of permanent residents in their municipality.

2. The cards are distributed from the local authorities of towns and counties to local sub-sections issuing the cards in accordance with the number of permanent residents in any particular area.

3. The State Computer Center will issue a coded system of registration numbers to each town and county which will be used to give each card issued a registration number.

4. The cards will be issued by the following officials:

1) the clerk dealing with passports in the local housing office of the place of residence of a person:

- to the residents of state and municipal housing units;
- to the residents of private housing;

2) the clerk dealing with passports in an enterprise housing office:

- to residents of enterprise housing units and of hostels;

3) the clerk who registers residents of housing co-operatives:

- to residents of housing co-operatives;

4) the local authority office of the place of residence of a person:

- to residents in those areas (also rural) where records on the number of residents are kept by local authorities;
- in all exceptional cases, when the applicant has no possibility to request that the card be issued by the officials listed in points 1-3 of this Article.

5. The voucher card is a document bearing information on the person, on the years worked and on the work (agricultural) voucher. Each person gets only one card which is valid only if it has the original signatures and seals.

6. The person applying for a voucher card must present an ID. The name, the personal data and the registration number of the card are written down on the card by the official issuing the card.

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The same data is entered into a registration list one copy of which is sent to the State Computer Center. The card registration number is also entered onto a card which the local housing office keeps for recording rent paid by each individual.

7. The voucher card may also be issued to a person representing the applicant if he or she presents a written application from the applicant on which personal data and the signature of the applicant are notarized or verified in some other way comparable to notarization.

8. If a person dies after January 1, 1992 their voucher card is issued by the housing office of their last place of residence and to the heir upon presentation of a death certificate and a certificate of inheritance. In the case of several heirs, the card will be issued to the person representing all the heirs upon presentation of a death certificate, a certificate of inheritance and a notarized warrant obtained from the other heirs.

9. The preliminary deadline for final issue of voucher cards is April 1, 1993. By way of exception, this deadline can be extended in the case pointed out in Article 8 of the present Directions by up to six months from the date of the death of the applicant. The voucher card issued to an applicant (or to their heir) is valid until January 1, 1997.

10. When a voucher card is lost or ruined by errors made while filling it out or in another way, the registration number for that card is canceled and a new card with a new registration number is issued. An official document is drawn up verifying the cancellation of the registration number and the issue of a new card and the State Computer Center is notified of the fact.

II. HOW TO DETERMINE THE WORKING PERIOD TO PUT ON VOUCHER CARD

(This section is roughly five pages long. It consists of sub-sections, 11 through 22. It goes into detail as to what type of work can be used on the card, how to verify work in a certain place or school or other acceptable activities, i.e. which papers must be submitted and the like.)

III. USE OF VOUCHER CARD

23. The voucher card is used to assess the value of the popular capital obligation - a means of payment set forth in Article 10 of the Law of the Republic of Estonia on Privatization of State and Municipal Housing. The value is measured in whole years worked which corresponds to square meters of housing. The voucher card is in place of an obligation if used for direct purchase of housing by the owner of the voucher card. A popular capital obligation is issued as a security to any person wishing to use his or her voucher card for acquiring other types of privatized state property. Both the popular capital obligation and the voucher card, which is the basis of the obligation, can be used in privatization of housing until April 1, 1997.

24. Years worked marked on the voucher card are measured in whole years. According to the Law of the Republic of Estonia on Privatization of State and Municipal Housing (Article 10.1) each whole year is considered equivalent to one square meter of a nine-story panel apartment building (type 121-02E), of the total living area of the apartment. If the housing being purchased is not of this type, the value of a square meter in the building being purchased is determined by comparing this building to the standard 9-story panel building. The comparison will be done in accordance with instructions to be issued by the government of Estonia.

25. For purchase of housing, the voucher card completed according to the present Directions and with the data marked on it verified, must be presented to the local housing office by the applicant.

26. In privatization of housing, voucher cards issued to each family member or popular capital obligations given to family members as gifts can be partially or fully used. When a family wishes to purchase a residence jointly and share ownership, they must present an application along with their voucher cards to the appropriate housing office. An official document

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is issued in case years worked are transferred between family members. This document is written while all family members concerned are present or when those concerned have given their consent in writing. If ownership of the purchased residence is shared, the data reflecting years worked by the co-owners will be written down in the transfer document. Data on the transfer of years worked to the organization carrying out privatization is also marked in the table on the back of the voucher card.

27. Popular capital obligations may be transferred as a gift to parents, spouses, in-laws, sisters and brothers and their in-laws if they have been permanent residents of Estonia for at least the last five years. If obligations are transferred as a gift, the years worked marked on the giver's card will be entered on the recipient's card and a written gift contract will be prepared which must be notarized. The voucher card itself cannot be transferred by gift or inheritance.

28. If the number of years worked is less than, or equal to, the number required for the square meters of housing being purchased using the voucher card, these years will be used up fully. If the number of years worked exceeds the number necessary to purchase the housing, the surplus is written into the table on the card and verified by the office carrying out privatization.

29. According to Article 16 of the Agricultural Reform Law of the Republic of Estonia, people who have worked on a collective farm are issued an agricultural work voucher. This voucher considers both years worked and the person's contribution to the farm. Anyone receiving an agricultural voucher may claim a popular capital obligation for the amount by which the popular capital obligation year total exceeds years worked on the farm in whole years.

30. According to Article 18 of the Directions for Calculating Agricultural Vouchers, adopted as an aid to carry out the Agricultural Reform Law of the Republic of Estonia, agricultural vouchers may be exchanged for the popular capital vouchers which are calculated for the person requesting the exchange. People are not compensated for the difference between agricultu-

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ral vouchers and popular capital vouchers if the agricultural voucher's value is greater than that of the popular capital voucher.

31. A popular capital obligation received in place of or in addition to an agricultural voucher is used in accordance with the Law of the Republic of Estonia on Privatization of State and Municipal Housing.

32. Separate decrees will be issued by the government for use of voucher cards, popular capital obligations and other means of payment, for conditions for installment payments for purchase of privatized housing, for determining monetary value of popular capital obligations and for their use for acquiring other types of privatized state property.

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REPUBLIC OF ESTONIA

GOVERNMENT DECREE No. 226, August 5, 1992
Tallinn, Toompea

USE OF POPULAR CAPITAL OBLIGATION CARD FOR PRIVATIZATION OF HOUSING

The Government of Estonia r u l e s:

1. To approve "Directions for Completing Popular Capital Obligation Card", "Order of Transferring Popular Capital Obligations" and "Order of Transferring the Title for Privatized Housing", which are additions to this Decree.

2. When completing the popular capital obligation card, one year of work is considered equivalent to one square meter of housing in a nine-story panel apartment building (type 121-02E), of the total living area of the apartment.

3. To require that the officials who fill out and issue popular capital obligation cards send once a month data from the cards issued and the years of work filled in on the cards to the State Computer Center to be verified. By September 1, 1992 the State Computer Center must specify in what form the data is to be sent.

4. By August 1, 1993 the State Computer Center must establish a register for the popular capital obligation cards.

5. The National Housing Board, the State Computer Center and local authorities shall check that the cards and the way they have been completed correspond to the rules listed in the Directions mentioned in point 1.1 of this Decree.

The National Housing Board must submit an analysis to the government on March 1 and September 1, 1993. This analysis must include data on the issue and completion of the popular capital

obligation cards and propose final deadlines for issue of the cards and their completion.

6. The Ministry of Economy must arrange for printing of popular capital obligation cards and give the number of cards required to the National Housing Board by September 1, 1992 for distribution.

7. To propose that the Bank of Estonia issue by January 1, 1993 popular capital obligations reflecting the years worked. The obligations will be issued on the basis of the popular capital obligation card completed in accordance with the Directions mentioned in point 1.1 of this Decree.

8. For the Ministry of Economy, the Ministry of Finance and the Ministry of Justice to develop rules for use of securities issued as compensation for restitution property in privatization of housing. These rules must be submitted for approval to the Government of Estonia by October 1, 1992.

Head of the Government
Republic of Estonia T. VÄHI

Minister of State
Republic of Estonia U. VEERING

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RESTITUTION AND COMPENSATION

POLICY MEMORANDUM II

THE RESTITUTION AND COMPENSATION PROGRAM IN ESTONIA

1. General characteristics and objectives of the restitution and compensation program.

Restoring property to Estonian citizens and their heirs that was illegally expropriated during the period of Soviet rule has become one of the most politically charged privatization programs being undertaken by the Estonian Government.

The procedure for restituting property that was illegally expropriated and for compensating owners for property that cannot be restituted has been underway for several years. Individuals whose property cannot be restituted or who choose to receive compensation instead will receive compensation securities. These securities will enable them to purchase other state assets that are being privatized, such as housing and large enterprises. If an individual chooses to have his or her property restituted, and the property has substantially decreased in value, the rightful owner will be additionally compensated by the Government. If the property has increased in value instead, the rightful owner must reimburse the Government for the increase.

The key objective of the program, as stated in the Law on the Principles of Property Reform, is "...to make good the injustices carried out by the violation of property rights...". Article 11 of this law states that the objects of restitution/compensation include illegally expropriated land and other natural objects, buildings, ships, agricultural inventory, factory fittings, stocks and shares.

2. Current status of the restitution/compensation program.

Although considerable work has been done on both compensation and restitution, these programs are actually the main bottle-neck to thorough privatization in Estonia. The principal cause of the bottle-neck is that a methodology has not been established to value the property to be restituted or compensated. Not only does this slow down restitution and compensation, but it slows down the other privatization programs as well. In agriculture, for example, the value of restituted property has to be known to establish the value of agricultural work shares. Also, many individuals will need to know the value of their restituted or compensated property in order to make their own

decisions about participating in other privatization programs. The earliest that a valuation methodology will be agreed upon is after the new Parliament convenes in late September or October.

The social and political importance of this program has caused it to proceed even in the absence of a valuation methodology and, as a result, a decentralized system for processing compensation and restitution claims has been working for some time. Local commissions evaluate and resolve claims and send the information concerning their resolution to a central register at the State Computing Center. (There is also a Central Restitution Commission, chaired by the Ministry of Justice, which sets overall policy and reviews local decisions that are challenged.) It is estimated that approximately 200,000 applications have been received at the local level. None has been forwarded for central registration because, until there is a valuation methodology, almost no claims can be finalized. Furthermore, the application deadline has recently been extended from July 1992 until July 1993. The general structure of the Restitution and Compensation program is outlined in the attached chart provided by the State Property Board. (See Page 18-A)

Various efforts have been made to speed up the restitution process and overcome the barrier caused by the lack of a valuation methodology. Some local commissions have established procedures to lease property to the claimants until the question of valuation can be resolved. In addition, a law was passed on August 11, 1992 "On the Acceleration of the Restitution of the Unlawfully Alienated Property Which Remained in its Previous Individual Form". This law allows for the return of such property prior to the issuance of compensation securities, provided that the claim is clear and that the property is easily returnable.

Parliament has required that the Ministries of Economy, Justice and Finance submit rules on the use of compensation securities to the Government by October 1, 1992.

3. Key Players.

Central Restitution Commission
Local restitution/compensation commissions
Ministry of Economy
State Computing Center
Ministry of Finance

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Ministry of Justice
Bank of Estonia
Parliamentary Committee on the Economy and the Budget
State Land Board
State Housing Board
State Property Board
Working Group on Privatization Securities

4. Outstanding issues.

ECONOMIC

a. The principal outstanding economic policy issue concerns the valuation methodology for the illegally expropriated property. The D&T team recommends that this issue be depoliticized by agreeing to accept the decision of a panel of experts. This panel could be chosen by Parliament.

b. A draft law on compensation gives holders of compensation securities the option to turn them in for cash. The D&T team strongly recommends a thorough analysis of this option, because it might complicate the Government's management of monetary policy and might reduce the population's interest in using compensation securities to purchase state assets.

c. The uncertainty of the status of all assets subject to restitution has caused a decrease in the productive economic use of those assets. Anyone who is using the asset now is not willing to invest in it because it may not belong to him or her in the future. Therefore all efforts to speed up the restitution process are important.

d. Means of financing to pay for restituted property that has increased in value does not appear to be arranged. The D&T team recommends that this issue be considered together with the question of financing for supplementing housing vouchers in home purchases. The team also recommends that this financing be provided by the private sector and not by the Government; funding that would be put into a Government owned financing mechanism could be more effectively deployed in the long term by the private sector.

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POLITICAL

a. Developing a valuation methodology is also a highly political issue, because the methodology chosen determines who will get how much wealth. How this question will be resolved in the next Parliament is heavily dependent on the results of the election.

b. It is not clear whether assets other those enumerated in Article 11 of the Law on the Principles of Property Reform will also be compensated for or restituted. If not, this would mean that owners of bank deposits or other securities, to cite two examples, would not receive compensation or restitution. Since the aim of this program is to provide as equitable a solution as possible to all Estonian citizens whose property has been expropriated, we recommend that the question of <u>which</u> assets are to be compensated for or restituted be carefully considered.

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PROGRAM DESIGN MEMORANDUM II

RESTITUTION AND COMPENSATION IN ESTONIA

1. Voucher characteristics.

The following are the characteristics of the compensation securities to be used for people who cannot or choose not to receive restituted property.

a. Eligibility.

People who were residents of Estonia on June 16, 1940 and whose property was illegally expropriated, or their heirs.

b. Convertibility.

Compensation securities may be used in the same way as housing vouchers and popular capital obligations without being converted.

c. Denomination.

Kroon.

d. Tradeability.

A decision has not been made regarding whether compensation securities will be tradeable. Presumably compensation securities can be given to family members, as can the popular capital obligations, but we have not seen this in writing.

e. An account or a physical voucher?

The Government is currently reviewing whether the compensation securities will actually be physical securities or computer based accounts. A decision has not been made. The Government has established a Working Group on Privatization Securities, chaired by the Minister of Reform, to study this issue.

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f. Tenor.

Apparently unlimited.

g. Value.

A valuation methodology has not yet been agreed upon.

h. Priority in receipt or use.

The legal definition of priority with respect to compensation securities remains unclear. Article 38 of the Law on the Principles of Property Reform says that holders of compensation securities have priority in the privatization of government assets, although government or local bodies can give priority to employees of privatized enterprises and citizens. The most recent draft law on compensation gives poor families priority in exchanging their compensation securities for cash.

i. Interest bearing?

The most recent draft law on compensation states that compensation securities will be adjusted for inflation as of July 1, 1993.

j. Convertible into cash?

Yes, according to the most recent draft law on compensation. Proceeds for cash payments are to be obtained from the privatization of large enterprises and paid into a compensation fund. The Government (the Bank of Estonia and the Ministry of Finance) can limit the annual payments from the compensation fund depending on overall budgetary expenditures and monetary policy.

2. <u>Program Design and Implementation</u>.

a. As is explained in detail in the Design Memorandum on Large Enterprise Privatization, the D&T team strongly recommends the use of computer based compensation accounts rather than issuance of physical compensation securities.

b. In the accompanying Policy Memorandum on Restitution/Compensation, the D&T team recommends that cash convertibility for compensation securities be thoroughly analyzed. If cash convertibility continues to be part of the program design, it is necessary to carefully calculate how much money will actually be available to the compensation fund from large enterprise privatization to support cash conversion.

c. The order of priority in use of compensation securities should be evaluated in conjunction with its use in other programs. In addition, consideration should be given to "fairness issues" regarding cash conversions, because there will not be enough funds to pay all cash conversion requests immediately.

d. The D&T team recommends that consideration be given to encouraging the choice of compensation securities instead of restitution for those individuals who have such a choice. Restituting property is much more complicated than compensation, because of issues related to the current use of the property, changes in the value of the property, etc. Therefore it would be preferable to increase peoples' voluntary selection of compensation securities.

3. Organization and coordination.

a. Since the Deloitte & Touche team began this project, the government has moved toward a more clearly defined overall structure for the restitution and compensation process. While roles and responsibilities are still somewhat fluid, the Central Restitution Commission, chaired by the Ministry of Justice (see Restitution and Compensation Policy Memorandum, above) has the leading role, although it does not make decisions on individual cases except when they are contested. Binding decisions are made by the local and country restitution commissions. In light of the unusually large numbers of organizations that are involved in restitution and compensation, and its critical importance to other privatization programs in Estonia, the D&T team strongly recommends that the Government of Estonia continue to strengthen the role of the Central Restitution Commission and expand its purview.

b. The local claims offices and other involved organizations do not have a regular system for receiving information about the restitution/compensation process, such as laws, regulations, implementation instructions, etc. Furthermore,

many local authorities appear to be developing their own procedures that are not necessarily consistent from one area to another, for dealing with local conditions and the uncertainties of the restitution/compensation process. The D&T team recommends that a more consistent, formal information channel be developed to ensure that policy makers understand local conditions, and to ensure that local participants understand the overall structure and focus of the program.

c. Some of the local claims offices appear to be understaffed. The adequacy of local staffing and appropriate training should be addressed, because it is important to streamline the restitution/compensation process as much as possible.

d. When the valuation methodology is agreed upon, there will be a bottle neck of claims information coming into the central claims registry. However, it is important that this information be entered and analyzed quickly, because of the impact of restitution/compensation on the Estonian economy. The D&T team recommends that consideration be given to centralizing the available claims information now, evaluating the staffing needs of the central claims registry, and completing the registry when the valuation information is available.

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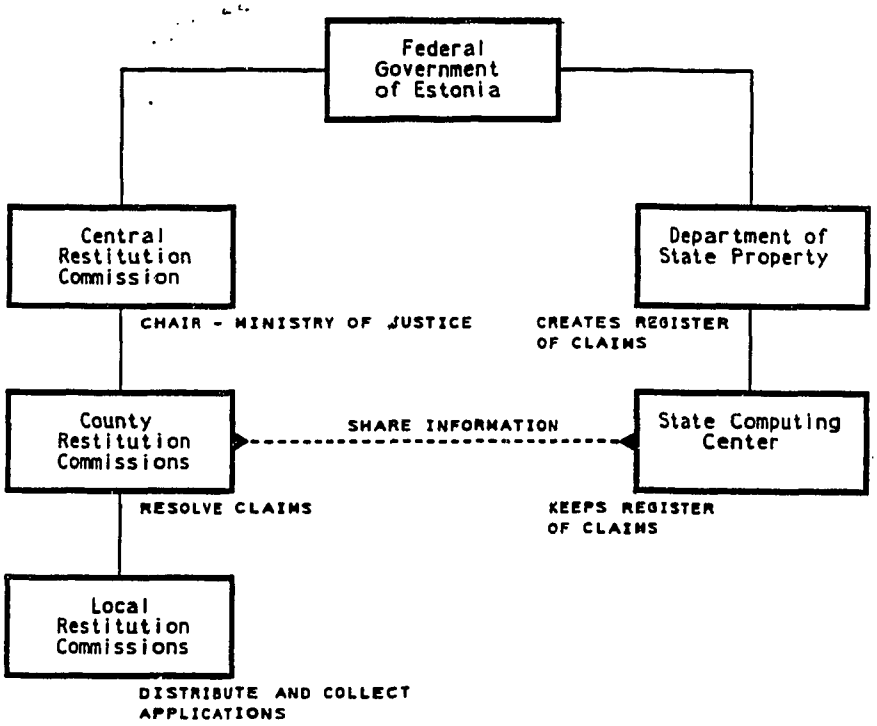
Restitution and Compensation Program -- Participant Institutions



SOURCE-DEPT. OF STATE PROPERTY, TALLINN.

APPENDIX II
DESIGN MEMORANDUM ON RESTITUTION AND COMPENSATION

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Decree on the Establishment of Restitution Committees, October 2, 1991

Restitution/Compensation application forms

Draft Laws on Restitution/Compensation presented to Parliament in July, 1992:

- -On Compensation for Illegally Expropriated Property
- -On Determining the Value of Illegally Expropriated Property and the Rate of Compensation for it

Law On the Acceleration of the Restitution of the Illegally Expropriated Property which has Remained in its Previous Individual Form, August 11, 1992

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DRAFT UNOFFICIAL TRANSLATION

Overview translation by Viive Uus

Decree on the Formation of the Central Restitution Commission and the Local and Municipal Commissions

2 October 1991, No. 202

1. Not translated

2. Not translated

3. Local municipalities shall form restitution and compensation commissions and appoint the members to them. The Government of Estonia appoints to every local or municipal commission two members.

4. Responsibility of the Commissions:

   1) Revise applications for restitution; check the backgrounds of applications; control documents and also follow the righteousness of accepting applications and correctness of the procedure. Restitution applications' gives its resolution as to whether the decision made is legal and remains unchanged or forwards its position to local commissions to be revised anew; changes decisions by local commissions or sends it to the Government for making decision.

   2) Analyzes at least twice a year, activities of local commissions, explains adaptation of regulating acts and confirms necessary for their operation forms of documents.

   3) Receives restitution and compensation applications if it is not possible to present them to local commissions and forwards them to corresponding authorities. If necessary, offers representations outside of Estonia and fixes the ways they operate.

   4) According to the need, presents problems of restitution and compensation to the Government and prepares draft decrees.

   5) Organizes public consulting and information about its activities.

   6) Completes extra tasks presented by the Government.

5. The Central Commission is authorized:

   1) To receive necessary written information and other

materials from ministries, state boards, local offices, and other organizations for its operating.

2) To invite to its meetings, representatives from ministries, state boards, local offices and other organizations for receiving necessary information.

3) To hire specialists for solving certain problems.

6. The Central Commission gets together upon the invitation of the Chairman, or in his absence, the Deputy Chairman.

7. Items to be discussed are prepared by the corresponding Deputy Chairman and the Secretary.

   The latter fills also protocol, provides material assistance, and covers the range of practical needs.

8. Resolution is accepted, when half of the members vote for it. In the event of an even score, the vote of the Chairman counts.

9. The decision is signed by the Chairman and Secretary.

Translation by Viive Uus

The Statute on the Central Restitution Commission

[Oigusvastaselt Voorandatud Vara Tagastamise
ja Kompenseerimise Keskkomisjoni]

1. The Central Restitution and Compensation Commission (hereinafter Central Commission) is the governmental commission on the Republic of Estonia whose task is to revise complaints about decisions made by local and municipal restitution commissions (hereinafter local commissions), analyze the activities of the local commissions, and design unified tactics for their activities [strategy?]

2. Membership of the Central Commission will be confirmed by the Government.

   The Chairman of the Commission is the Minister of Justice and the Deputy Chairman is then Director General of the State Property Board. The Minister of Justice appoints the Deputy Chairman responsible for preparing materials.

   The Deputy Chairman responsible for preparing materials and the Secretary of the Commission are hired employees whose salaries come from the budget of the Ministry of Justice and the State Chancellor's Office.

3. The activities of the Central Commission are directed by the law of Estonia and other regulations as well as the given statute.

4. The Central Commission has to:

   1) Revise [review?] complaints about the decisions made by the Local Commissions about [end of page. Missing text?]

   2) Revise complaints about the work of officers.

   3) Receive applications for entering into the restitution and compensation register.

   4) Return invalid or insufficient documents and point out shortcomings.

   5) Cancel groundless applications.

   6) Give current information to the public.

   7) ?? other tasks by the Government.

5. The Central Commission is directed by the laws and regulations of Estonia.

6. The decision of the Commission is valid when 1/2 of its members vote for it.

The decision will be signed by its Chairman and Secretary.

The Commission will be served by municipalities and local authorities.

7. The decision is valid from 24 September 1990. [some text not translated].

Signed by J. Leimann (Majandusminister)
E. Bekker (Riigiministri Asetaitja)

EESTI VABARIIGI VALITSUS

Decree

m ä ä r u s

2.oktoobrist 1991.a. nr.202

Tallinn. Toompea

on the formation of the central Restitution commission and local and municipal commissions

õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni ning maakonna- ja linnakomisjonide moodustamise kohta

Eesti Vabariigi Valitsus m ä ä r a b:

1. Moodustada õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjon ning kinnitada nimetatud komisjoni põhimäärus ja koosseis (juurde lisatud).

2. Lugeda Eesti Vabariigi Valitsuse rehabiliteerimis- ja denatsionaliseerimisprotsessis varade tagastamise ja kompenseerimisega seotud õigusküsimuste läbivaatamise komisjoni tegevus lõppenuks. Komisjonil anda oma materjalid üle õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjonile.

local municipalities shall form restitution and

3. Maavalitsustel ja vabariiklike linnade valitsustel moodustada õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja linnakomisjonid ning kinnitada nende koosseis. Eesti Vabariigi Valitsus määrab iga maakonna- ja linnakomisjoni koosseisu kaks liiget.

compensation commissions and appoint the members to the local or municipal commission two members. the Government of Estonia appoints to every

4. Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja linnakomisjonid:

Responsibility of commissions:

1) vaatavad läbi komisjonile esitatud materjalid õigusvastaselt võõrandatud vara tagastamise või kompenseerimise kohta, kontrollivad taotluste põhjendatust, hindavad esitatud tõendeid ning kontrollivad avalduste vastuvõtmist ja nende läbivaatamist reguleerivate eeskirjade täitmist;

review applications for restitution, check the backgrounds of applications, control documents and also follow the rightcoureness of a-pplications and correctness of the procedure.

09 10 91

restitution applications; gives its resolution,
vara registrisse kandmise või taotluste rahuldamata jätmise whether the decision made is legal and remains unchanged
kohta vastuvõetud otsuste peale esitatud kaebused ning or forwards its position to local commissions to be
võtab nende kohta vastu otsuse (jätab kaebuse rahuldamata ja revised anew, changes decisions by local commission
kinnitab vastuvõetud otsuse õigsust, saadab materjalid koos or sends it to the Government for making decision.
oma seisukohtadega kohalikule komisjonile ning maa- või linnavalitsusele uuesti läbivaatamiseks, muudab kohaliku komisjoni otsust või tühistab selle või saadab küsimuse otsustamiseks Eesti Vabariigi Valitsusele);

analyses at least twice a year activities of
2) üldistab vähemalt kaks korda aastas kohalike komis- local commissions, explains adaption of regulating
jonide tegevust, annab neile selgitusi normatiivaktide ko- acts and confirms necessary for their operation forms
haldamise kohta ning kinnitab nende töös vajalike dokumen- of documents,
tide vorme;

receives restitution and compensation
3) võtab vastu õigusvastaselt võõrandatud vara tagasta- applications if it is not possible to present them
miseks ja kompenseerimiseks esitatavaid avaldusi, kui aval- to local commissions and forwards them to corresponding
dajal ei ole võimalik esitada neid vastavale maavalitsusele authorities. If necessary, opens representation outside
või vabariikliku linna valitsusele, ning edastab need vasta- Estonia and fixes the ways they operate.
vatele valitsustele, vajaduse korral avab avalduste vastu-
võtmiseks esindusi väljaspool Eesti Vabariiki ja määrab kindlaks nende töökorra;

according to the need presents provisions of
4) vajaduse korral tõstatab Eesti Vabariigi Valitsuse restitution and compensation to the Government and
ees õigusvastaselt võõrandatud vara tagastamise ja kompen- prepares draft decrees,
seerimise osas lahendamist vajavaid küsimusi ning valmistab neis küsimustes ette Eesti Vabariigi Valitsuse otsuste projekte;

organises public consulting and information about its activities
5) korraldab kodanike vastuvõttu ja informeerib üldsust oma tegevusest;

completes extra taxes presented by Government,
6) täidab muid Eesti Vabariigi Valitsuse poolt antavaid ülesandeid.

The Central Commission is authorized:

5. Keskkomisjonil on õigus:

to receive necessary written information a.o. materials
1) saada ministeeriumidelt, riiklikelt ametitelt ja from ministries, state boards, local offices and other organi-
inspektsioonidelt, kohaliku omavalitsuse organitelt ning sations for its operating.
teistelt asutustelt ja organisatsioonidelt oma ülesannete täitmiseks vajalikku kirjalikku informatsiooni ja muid materjale;

to invite to its meetings representation from
2) kutsuda oma istungile ministeeriumide, riiklike ministries, state boards, local offices and
ametite ja inspektsioonide, kohaliku omavalitsuse organite

other organisations for receiving necessary information
ning teiste asutuste ja organisatsioonide esindajaid komis-
joni tööks vajaliku informatsiooni saamiseks;
to hire specialists for solving certain problems.
3) kaasata probleemide lahendamisele vastava ala spet-
sialiste ja muid töötajaid ning tasustada nende tööd.
The central commission gets together upon the
6. Keskkomisjoni istungi kutsub kokku ja juhatab seda invitation of the chairman of in his absence - the dep. chair.
komisjoni esimees, tema ülesandel või äraolekul aga esimehe
asetäitja.
Items to be discussed are prepared by
7. Keskkomisjoni istungil läbivaatamisele tulevad küsi-
the corresponding deputy chairman and the secretary.
mused valmistavad ette komisjoni esimehe asetäitja materja-
lide ettevalmistamise alal ja komisjoni sekretär.
The latter fills also protocols, provides material
Keskkomisjoni sekretär protokollib komisjoni istungeid,
assistance and covers the range of practical needs
tagab komisjoni tehnilise teenindamise ning täidab komisjoni
esimehe poolt antavaid muid ülesandeid.
Resolution is accepted, when half of the members
8. Keskkomisjoni otsus on vastu võetud, kui selle poolt
votes for. In even score, the vote of the chairperson coun.
hääletab üle poole komisjoni liikmetest. Häälte võrdse jagu-
nemise korral otsustab komisjoni istungi juhataja hääl.
The decision is signed by the chairperson & secretary.
9. Keskkomisjoni otsusele kirjutavad alla keskkomisjoni
esimees ja sekretär.

K I N N I T A T U D

Eesti Vabariigi Valitsuse
2.oktoobri 1991.a.
määrusega nr.202

The statute on the restitution

Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni central commission

põhimäärus.

The central restitution and compensation commission

1. Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjon (edaspidi - keskkomisjon) on Eesti (further - central commission) is the governmental commission of the Republic of Estonia whose task Vabariigi Valitsuse komisjon, kelle põhiülesanneteks on to revise complaints about decisions made by Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja vabariiklike linnade komisjonide (edaspidi local and municipal restitution (further: local commissions), analysing the activities of local commissions and designing unified tactics of their activities - kohalikud komisjonid) ning maavalitsuste ja vabariiklike linnade valitsuste otsuste peale esitatud kaebuste läbivaatamine. Kohaliku komisjonide tegevuse ühtlustamine ning nende ühtse praktika kujundamine.

2. Keskkomisjoni koosseisu kinnitab Eesti Vabariigi Valitsus.

Komisjoni esimeheks on Eesti Vabariigi justiitsminister ning esimehe asetäitjaks Eesti Vabariigi Riigivaraameti peadirektor. Eesti Vabariigi justiitsminister määrab ametisse komisjoni esimehe asetäitja materjalide ettevalmistamise alal.

Keskkomisjoni esimehe asetäitja materjalide ettevalmistamise alal ja komisjoni sekretär on palgalised töötajad, kelle ülalpidamiskulud kaetakse vastavalt Eesti Vabariigi Justiitsministeeriumi ja Eesti Vabariigi Riigikantselei eelarvest.

3. Keskkomisjon juhindub oma tegevuses Eesti Vabariigi seadustest ja teistest normatiivaktidest ning käesolevast põhimäärusest.

4. Keskkomisjon oma põhiülesannete täitmiseks:

1) vaatab läbi kohalike komisjonide ning maavalitsuste ja vabariiklike linnade valitsuste poolt endiste omanike ja

K I N N I T A T U D

Eesti Vabariigi Valitsuse
2.oktoobri 1991.a.
määrusega nr.202

Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni põhimäärus.

1. Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjon (edaspidi - keskkomisjon) on Eesti Vabariigi Valitsuse komisjon, kelle põhiülesanneteks on õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja vabariiklike linnade komisjonide (edaspidi - kohalikud komisjonid) ning maavalitsuste ja vabariiklike linnade valitsuste otsuste peale esitatud kaebuste läbivaatamine. Kohalike komisjonide tegevuse ühtlustamine ning nende ühtse praktika kujundamine.

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4. Keskkomisjon oma põhiülesannete täitmiseks:

1) vaatab läbi kohalike komisjonide ning maavalitsuste ja vabariiklike linnade valitsuste poolt endiste omanike ja

To Decree No. 98 of the Government of the Republic of Estonia, as of May 27, 1991

Sample Form

A P P L I C A T I O N

for returning or compensation of illegally expropriated property

_____
(the body of a local self-government to whom application submitted)

I, _____
(first and family name, date and place of birth, place of residence, citizenship prior to June 16,1940 and at present)
ask to register my application for the property which consisted of _____
(show what the property was composed of /if possible, show specified data in a table added to the application/ and references to document verifying the existence and possession of the property)
and which, before its illegal expropriation, belonged to _____ (name of former owner, if applicant is not the former owner, show the degree of relationship, refer to the document verifying it)

Location of property _____
(prior to illegal expropriation and at presen
note on how property preserved)

I claim the property _____
(show which part of property is to be compensated for, which part returned)

At the moment of expropriation, the value of the illegally expropriated property was _____
(show the document verifying the value of property)

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Before expropriation, the property was bearing debts (sum total, reference to document verifying debts)

and other liabilities

(reference to document showing existence of the liabilities)

In addition to me, the following persons have rights to said prop

(show same data as about the applicant)

Time, place and type of illegal expropriation of property:

(references to documents verifying illegal expropriation of propert

To verify facts, the following documents are added to the present application:

1.
2.
etc.

Signature of applicant (his or her repre sentative

Notes:

1. In case the application has been drawn up by the applicant's representative, the data on the representative will be presented (first and family name, address) and the applicant's warrant with t notary public's signature or a barrister's order will be added.

2. The Addendum to the Application will be completed by the applicant, or by the person receiving the application at the applica presence.

Eesti Vabariigi Valitsuse
27 .mai 1991.a. määruse
nr.98 juurde

Näidisvorm

A V A L D U S

Õigusvastaselt võõrandatud vara tagastamise või kompenseerimise kohta

_____
(kohaliku omavalitsuse organ, kellele avaldus esitatakse)

Mina, _____
(ees- ja perekonnanimi, sünniaeg ja koht, elukoht, kodakondsus kuni 1940.a. 16.juunini ja käesoleval ajal)

palun registreerida minu avaldus vara suhtes, mis koosnes _____
(näidata ära vara koosseis /võimaluse korral esitada täpsustatud andmed avalduse lisas esitatud tabelis/ ja viited selle vara olemasolu ja kuuluvust tõendavatele dokumentidele)

_____
ja mis kuulus enne õigusvastast võõrandamist _____
(endise omaniku

_____
nimi; kui teadlik ei ole endine omanik, siis näidata ära

_____
tõendusteste ja viide seda tõendavale dokumendile)

Vara asukoht _____
(enne õigusvastast võõrandamist ja käesolevel ajal, märkus vara säilimise kohta)

Teatlen vara _____
(vara näidata, millise vara osas teatletakse kompenseerimist, millise osa tagastamist)

Õigusvastaselt võõrandatud vara väärtus oli võõrandamise hetkel _____
(vara näidata dokument, mis tõendab vara väärtuse suurust)

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Enne õigusvastast võõrandamist lasusid varal võlad

(summa, viide dokumendile, mis tõendab võlgade olemasolu)

ja muud kohustused _____

(viide dokumendile, mis näitab nende kohustuste olemasolu)

Peale minu omavad õigusi nimetatud varale: _____

(esitada

samad andmed, mis taotleja kohta)

Vara õigusvastaselt võõrandamise aeg, koht ja viis: ___

(viited vara õigusvastast võõrandamist tõendavatele dokumen-

tidele)

Asjaolude tõendamiseks on käesolevale avaldusele lisatud järgmised dokumendid:

1. _____

2. _____

jne.

Taotleja (tema esindaja) allkiri

_____

MARKUSED:

1. Kui avalduse on koostanud taotleja esindaja, siis märgitakse andmed esindaja kohta (ees- ja perekonnanimi, aadress) ning lisatakse taotleja poolt tehtud notariaalselt tõestatud volikiri või advokaadi order.

2. Avalduse lisa täidab kas taotleja või avalduse vastuvõtja taotleja (tema esindaja) juuresolekul.

4/16/91

ORDER OF REGISTERING OFFICIALLY AND CODING THE DATA COLLECTED FROM RESTITUTION AND COMPENSATION APPLICATIONS AND PROOF DOCUMENTS AND OF FORWARDING THEM TO THE REGISTER OF FORMER OWNERS AND PROPERTY DURING THE PROPERTY REGISTRATION PERIOD

1. General Provisions

The present document provides for the order of registering officially, coding and further specifying the data collected from restitution and compensation applications and proof documents and of forwarding these data to the Register of Former Owners and Property during the first stage of compiling the Register.

The present Order is an amendment to the "Instructions for Registering the Restitution or Compensation Applications and Property", approved by Decree No. 161 of the Government of the Republic of Estonia, as of August 28, 1991, on Approving the Order of Submitting and Reviewing Restitution and Compensation Applications and of Submitting and Evaluating Proof Documents.

The present Order proceeds from the statute of the Register of Former Owners and Property (hereinafter: Register), approved by Decree No. 223 of the Government of the Republic of Estonia as of November 20, 1991, on Establishment of the Register of Former Owners and Property.

According to the latter, the keeper of the Register of Former Owners and Property (hereinafter: Register Keeper) shall be the State Computer Center (a state-owned enterprise), address: 200 106, Tallinn, Suur-Ameerika 1; tel.: 683-678.

During the first stage of compiling the Register, the data shall be submitted to the Register Keeper by those structural units of county and city governments who accept restitution and compensation applications and collect documents (hereinafter: Data Submitters).

Data Submitters shall bear responsibility for the truthfulness and proper coding of the Register data.

During the first stage of establishing the Register the data are presented to the Register Keeper on duplicates of Restitution Property Registration Cards (Form 2), unless agreed upon differently with the Register Keeper.

The classificators used for coding the data are presented in the text below (except for the Classificator of Estonian Administrative Units). Each Register Data Submitter shall be given by the Register Keeper additionally an excerpt from the Classificator of Administrative Units for the relevant administrative territory.

2. Completing the Restitution Property Registration Card and Coding the Data

The form (Form 2) of the Restitution Property Registration Card and the basic rules for completing it are presented in the Instructions for Registering the Restitution or Compensation Applications and Property (see: Addendum 3 to Decree No. 161 of the Government of the Republic of Estonia as of August 28, 1991). Therefore, filling out the boxes of Form 2 will be dealt with below only to the extent when additional comments and specifications are needed in connection with the coding of the data and presenting them to the Register.

As county/city code, the two-position code from the Classificator of Estonian Administrative Units presented in the aforementioned Instructions shall be used.

As dossier number, a five-position digital code (sequence number) which must not appear repeated within the borderlines of a given county/city, shall be used. If the Data Submitter, wishing to better organize the work, has made use of literal-digital codes, then the use of the latter on Register Cards must be agreed upon with the Register Keeper in advance. It is a general requirement that the dossier number should not be longer than five positions.

The dossiers must be compiled by properties situated in one place (the same address or real estate).If a dossier contains data about properties situated in several different places, the dossier must be made compatible with this requirement before the Register Card is completed.

Location of property at present must be additionally coded to the text, using the four-position settlement code from the Classificator of Estonian Administrative Units, i.e. the box "code" on the line "town/borough" or "village/borough" must be filled out in accordance with the status of the settlement.

Note 1: If a property is situated on a territory not under the jurisdiction of the Republic of Estonia at the present time, the box "county code" shall be filled out as follows:

98 - for coding the regions of the former Petserimaa;
99 - for coding the regions beyond the Narva River.

In such a case the box "settlement code" will remain empty (unfilled).

Note 2: If the name of a settlement or its subordination has changed and differs from that shown in the Classificator of Estonian Administrative Units, in order to avoid errors in coding, the person administrating the coding is asked to contact the Register Center Office (keeper of the Classificator of Estonian Administrative Units) for the Classificator to be corrected (Mr. Mauno Reisner, tel.: 683-401).

Note 3: If the name of a farm is not in official usage at the present time, this line must not be filled out with the name of the collective/state farm on whose territory the farm is situated; the name of the collective/state farm, if it is not shown in the text "possessor of property at present" and is needed to specify the location (address) of the property, is to be written in the empty space (line) below the line "no(s) of house(s)".

Time of expropriation: year, month, type. As land was expropriated from all citizens on the basis of one and the same document, this line will show only the time and type of expropriation of buildings and other property. On the Register Card the type of expropriation will be shown coded. The following codes will be used:

1 - nationalization;
2 - collectivization;
3 - repression, followed by rehabilitation;
4 - expropriation on the basis of an illegal decision;
5 - expropriation as a result of unauthorized action by officials;
6 - giving up or abandoning property due to imminent repression danger.

In case the buildings and other property situated in one place were expropriated at different times and for different reasons (e.g.: a farm was collectivized, but the saw-mill situated on its territory had been nationalized at an earlier time), an additional card has to be opened for marking the time and type of one expropriation (see the aforementioned Instructions for Registering .... Property).

In case the property expropriated simultaneously belonged to different types of expropriation, the codes of the different expropriation types can be written in the same box, and separated by a semi-colon.

In case the restitution or compensation property consists of land only (a building lot, forest), the time of nationalization (July 23, 1940) will be marked as time of expropriation.

State of property at present: it is possible to mark only the general state of property, mainly that of buildings, both in text and coded:

1 - preserved in its former individualized form;
2 - partly preserved and usable;
3 - substantially damaged, non-usable;
4 - substantially damaged, but restored for initial purposes;
5 - re-built;
6 - destroyed.

The text has to specify which part of the property has not been preserved in its former condition.

Possessor of property at present: to be filled out in text (name) and to code the group of possessor (in a box on the line of the text):

1 - property in the possession of a physical person;
2 - property in the possession of a collective farm or its legal successor which can be a legal person to whom all the property of the collective farm or a part of it has been transferred;
3 - property in the possession of a state-owned enterprise, institution, organization or farm.

If there are several possessors to one property, two

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of them can be marked on the given card, for the others an additional card has to be opened. The share of property belonging to each possessor must also be shown.

Former owners - the box "citizenship" (as of June 16, 1940) on the Register Card must be filled out coded according to the classificator (common with the next point) given below.

Property applicants - in addition to the box "purpose", the boxes "citizenship" (at present) and "relationship (box B)" on the Register Card must be coded, using the following classificators:

-to mark citizenship:

1 - citizen of the Republic of Estonia as of June 16, 1940;
2 - permanent resident of the Republic of Estonia as of June 20, 1991;
3 - citizen of the states of CIS;
4 - Finland;
5 - Sweden;
6 - Norway;
7 - United States of America;
8 - Canada;
9 - Great Britain;
10 - Germany;
11 - Switzerland;
12 - Australia;
13 - Latvia, Lithuania;
14 - stateless;
20 - others.

-to mark relationship:

1 - owner;
2 - spouse;
3 - child;
4 - parents
5 - spouse of child
6 - grandchild
7 - descending relatives (of grandchild)
8 - sister/brother
9 - niece or nephew;
10 - descending relatives (of sister/brother)
11 - succession by will.

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-the classificator of purposes for submitting applications has expanded due to the land law:

1 - restitution;
2 - partial restitution;
3 - partial restitution and compensation;
4 - compensation;
5 - replacement of land and compensation;
6 - partial restitution together with compensation and partial replacement of land;
7 - replacement of land.

Decision on entering in Register: the boxes will be completed according to the aforementioned Instructions, with one difference, viz. the duplicate is signed by the person responsible for the truthful completion of the whole card and the document shall bear the seal of the corresponding county government or city government.

3. Corrections to Register Data

Although the decision on entering the data in the Register has been taken, it may prove necessary to make amendments or corrections to the data already transferred to the Register.

The same Restitution Property Registration Card (Form 2) is used for making amendments and corrections and the word "Amendments" is written legibly on the upper right-hand corner of its facing side.

The amendments card is handled in the Register in the same way as the additional card which has to bear the county/city code and the number of the dossier the data of which were amended, as well as the number of the card (the box in the upper right-hand corner of the frame on the facing side of the card). In order to avoid mixing up the amendments cards with the additional cards the data of which add to the data of the main card, letter "P" is to be added to the sequence number of amendments cards, e.g.: P-1; P-2, etc.

When completing the amendments cards, the following rules should be kept in mind:

The Register Keeper may refuse to accept cards completed incorrectly, partly or with evident errors; a corresponding note has to be made on the certificate.

If the Data Submitter uses a computer for registering restitution property, the data may be transferred on PC diskettes if agreed so with the Register Keeper. The parties must also agree in advance about the structure of the data file on diskette.

As property registration cards form the basic documentation for the Register Keeper to compile the Register, the Register Data Submitters must also, together with the diskettes, submit computer outprints of the duplicates of register cards, signed and bearing a seal.

The Register Keeper is obliged to inform the Data Submitters immediately if any inconsistencies, mistakes or incorrectness appear in the data submitted to the Register Keeper.

Form 2

RESTITUTION PROPERTY REGISTRATION CARD

County / city code / * / Application registration numbers N

Dossier number / * * * *

Location of property	FORMER	Code	AT PRESENT	Code
County			County	
Town/borough			Town/borough	
District (vald)			District (village soviet)	
Village/settlement			Village/borough	
Street/farm (name)			Street/farm (name)	
No(s) of house(s)/farm			No(s) of house(s)	
No. of real estate				

General characteristics of property: farm, factory, enterprise, dwellin store, workshop, mill (underline or add the proper type)

Content of property:

Name	Unit	Quantity	Value when expropriated Acc.to applications unit	sum	Acc.to documents unit	sum
Land	ha					
Forest	ha					
Plot	m^2					
Buildings	no.					
Machinery	no.					
Livestock	no.					
Stock (inventory)	no.					
Ships	no.					
Shares	Kr.					
Other property						
T o t a l			Kr. Rbl.		Kr. Rbl.	

Name of other property

Time of expropriation: year 19..., month and type:

State of property at present:

Possessor of property at present:

Former owners: Last, first and father's name	Year of birth	Citizen-ship	Share of property	No. of rehabi certi
1.				
2.				

Property applicants No.	Name (last, first,	Address	Citizen-ship	Relation A	B	Purpose

Перевод
Проект

ЗАКОН ЭСТОНСКОЙ РЕСПУБЛИКИ

Об определении стоимости противоправно отчужденного имущества и размере компенсации за него

I. ОБЩИЕ ПОЛОЖЕНИЯ

Статья 1. Объект Закона

Настоящим Законом устанавливаются основы определения стоимости на момент отчуждения противоправно отчужденного имущества, перечисленного в части 1 статьи 11 Основ, а также размер указанной в частях 3 и 6 той же статьи компенсации за противоправно отчужденное имущество.

Статья 2. Определение стоимости имущества

(1) Стоимость противоправно отчужденного имущества подтверждается документами, выданными не позднее чем за три года до противоправного отчуждения имущества. При использовании документов, выданных ранее, указанную в них стоимость необходимо на основе оценок экспертов привести в соответствие со стоимостью имущества на момент отчуждения.

(2) При отсутствии документов, указанных в части 1 настоящей статьи, стоимость имущества на основании оценок экспертов определяется исходя из стоимости аналогичного имущества.

(3) Порядок определения на основании настоящего Закона стоимости противоправно отчужденного имущества устанавливает Правительство Эстонской Республики.

Статья 3. Пересчет стоимости противоправно отчужденного имущества

(1) Стоимость имущества, определенная в эстонских кронах, действовавших в 1940 году (в дальнейшем – крона 1940 г., Экр.), пересчитывается на действующие эстонские кроны (в дальнейшем – крона, кр.) в случае оборудования промышленных производственных зданий и иного основного имущества в соотношении 1 Экр. = 10 кр., а в отношении земли и прочего имущества в соотношении 1 Экр. = 40 кр.

(2) Стоимость имущества, определенная в деньгах Союза ССР (в рублях), пересчитывается Министерством финансов Эстонской Республики в кроны исходя из соотношения, установленного частью 1 настоящей статьи, на основании определенных коэффициентов.

(3) Стоимость противоправно отчужденного имущества выражается в кронах с точностью до одной кроны.

Статья 4. Покрытие расходов и разрешение споров, связанных с определением стоимости имущества

(1) Расходы, связанные с определением на основе оценок экспертов стоимости противоправно отчужденного имущества, покрывает местное самоуправление первичного уровня по месту нахождения имущества за счет доходов, поступающих от приватизации имущества.

(2) Предоставляется право оспорить результаты определения стоимости имущества на момент его противоправного отчуждения в исполнительном органе местного самоуправления первичного уровня по месту нахождения имущества. Решение местного самоуправления может быть обжаловано в суде.

II. ОПРЕДЕЛЕНИЕ СТОИМОСТИ ПРОТИВОПРАВНО ОТЧУЖДЕННЫХ ЗЕМЕЛЬ И ЛЕСА

Статья 5. Определение стоимости противоправно отчужденных земель, находившихся за пределами границ города и городского поселка

(1) Стоимость земель, находившихся за пределами границ да или городского поселка, определяется по крепостным м, существовавшим до 1940 года, согласно спискам , подлежавших налогообложению, составленным атаментом кадастров Эстонской Республики, на основании воров купли-продажи, записей в крепостной книге или овских документов. Если данные о стоимости земли в перечисленных документах указаны по-разному, за мость противоправно отчужденной земли берется наибольший ер ее стоимости.

(2) Чистую прибыль в рублях, зафиксированную в списке ль, подлежавших обложению налогом, пересчитывают в кроны года путем умножения на 40.

Статья 6. Определение стоимости противоправно отчужденных земель, находившихся в границах города или городского поселка

(1) Стоимость земли в городах и городских поселках по оянию на 16 июня 1940 года определяется на основании ков земель, подлежавших налогообложению, договоров и-продажи, записей в крепостной книге или банковских ментов. Если в разных документах указана разная мость земли, за стоимость противоправно отчужденной и берется наибольший размер ее стоимости.

(2) Если в купчей данные о стоимости земли отсутствуют, снову берется средняя стоимость по купчей, составленной раничащие с ней земли, либо, а в случае отсутствия этих ых, средняя стоимость земли в городе (части города) или жон поселке в 1940 году или по возможности в ближайшем му году.

Статья 7. Определение стоимости леса на корню

(1) Стоимость леса, росшего на противоправно отчужденных лесных землях, определяется по цене, определенной актами оценки, составленными на основании расчетных данных 1940 года о запасах древесины и статьи 95 Постановления "О земельной реформе", действовавшего в 1923-1940 годах.

(2) Если данные для оценки леса отсутствуют, стоимость леса на 1940 год определяется исходя из средних запасов древесины хуторских лесов по высокоствольному лесу - 152 м³/га, по лесу на сенокосных и пастбищных землях - 35 м³/га и средней цены леса 2 (альтернатива: 3) Экр. за м³.

III. ОПРЕДЕЛЕНИЕ СТОИМОСТИ ПРОЧЕГО ПРОТИВОПРАВНО ОТЧУЖДЕННОГО ИМУЩЕСТВА

Статья 8. Общие положения определения стоимости прочего противоправно отчужденного имущества

(1) Стоимость прочего противоправно отчужденного имущества, то есть имуще а, исключая земли и леса, определяется на основании подтверждающих стоимость документов, признанных уездной или городской комиссией по возвращению и возмещению имущества достаточными.

(2) Стоимость имущества не определяется, если имущество возвращается, а управомоченный и обязанный субъект в письменной форме подтвердят, что они отказываются от возмещения имущества.

Статья 9. Определение стоимости сельскохозяйственного инвентаря

(1) Стоимость сельскохозяйственного инвентаря (в том числе скота), подлежащего возмещению, определяется исходя из документально подтвержденного наличия отчужденного имущества на период отчуждения.

(2) Цена сельскохозяйственного инвентаря (в том числе скота), подлежащего возмещению, определяется на основании соотношения средней цены этого инвентаря и коровы в 1940 года в кронах 1940 года. Цена коровы, являющаяся основой расчетов, определяется Министерством сельского хозяйства Эстонской Республики.

(3) Если документы об обобществлении сельскохозяйственного инвентаря не сохранились, и стоимость обобществленного имущества невозможно установить и иным способом, стоимость обобществленного сельскохозяйственного инвентаря определяется из расчета: цена 0,5 коровы за каждый гектар пашни.

IV. РАЗМЕР КОМПЕНСАЦИИ ЗА ИМУЩЕСТВО

Статья 10. Общие основы возмещения противоправно отчужденного имущества

(1) Противоправно отчужденное имущество возмещается согласно положениям Основ и других нормативных актов Эстонской Республики.

(2) При возвращении земли, леса и прочего имущества до установления размера компенсации, за исключением случая, указанного в части 2 статьи 8 настоящего Закона, до возврата имущества в порядке, установленном Правительством Эстонской Республики, проводится оценка его.

(3) Управомоченные субъекты реформы собственности, противоправно отчужденные земли, лес и прочее имущество которых находится на территории, которая не подчинена юрисдикции Эстонской Республики, получают возмещение в общем порядке.

Статья 11. Размер компенсации за имущество, если стоимость имущества невозможно определить

Если стоимость принадлежавшего уполномоченному субъекту реформы собственности имущества, указанного в части 1 статьи 11 Основ, доказать невозможно, размер компенсации за все это имущество, согласно части 6 статьи 13 Основ, составляет 10 000 (альтернатива: 40 000) крон. even time? cash?

Статья 12. Возмещение имущества противоправно репрессированным и реабилитированным лицам

Размер выплачиваемой противоправно репрессированным и реабилитированным лицам компенсации за имущество, указанное в части 3 статьи 13 Основ, составляет 2000 (альтернатива: 4000) крон.

Статья 13. Компенсация за акции и паевые свидетельства

Акции и паевые свидетельства компенсируются, исходя из стоимости имущества акционерных обществ и экономических товариществ, пропорционально количеству акций и паевых свидетельств и их номинальной стоимости в 1940 году.

Председатель Верховного Совета
Эстонской Республики

А.Рюйтель

Таллинн, июля 1992 года

Представила Комиссия по вопросам бюджета и экономики после согласования с представителем Правительства. 7 июля 1992 г.

id 368.sp

Перевод
Проект

ЗАКОН ЭСТОНСКОЙ РЕСПУБЛИКИ

О способе и порядке возмещения противоправно отчужденного имущества

Статья 1. Объект Закона

Настоящий Закон устанавливает способ и порядок возмещения противоправно отчужденного имущества (в дальнейшем: имущество) в соответствии с положениями статей 14 и 17 Закона Эстонской Республики "Об основах реформы собственности" (в дальнейшем: Основы).

Статья 2. Пределы возмещения имущества

(1) Имущество, не возвращаемое в ходе реформы собственности, возмещается в пределах стоимости на момент отчуждения, определяемой согласно Закону Эстонской Республики "Об определении стоимости противоправно отчужденного имущества и размерах возмещения за его" (в дальнейшем: Закон о стоимости имущества) и выраженной в находящихся в обращении эстонских кронах (далее - крона, кр.).

(2) При частичном возвращении имущества, а также если стоимость возвращаемого имущества уменьшилась либо увеличилась по сравнению с его стоимостью на момент отчуждения, разница в стоимости возвращаемого имущества возмещается правомочному субъекту реформы собственности либо правомочный субъект реформы собственности возмещает эту разницу.

(3) Разница в стоимости указанного в части 2 настоящей статьи возвращаемого имущества не подлежит возмещению, если по оценкам экспертов она составляет менее 25 процентов стоимости данного имущества на момент его отчуждения либо если правомочный и обязанный субъекты реформы собственности письменно известят о том, что они не требуют возмещения разницы в стоимости имущества.

(4) Если правомочный субъект реформы собственности не возместил возросшую стоимость подлежащего возмещению имущества при передаче имущества или не возместит ее в предусмотренный срок, он обязан при возмещении стоимости земли оплатить долг в течение 25 лет, а при возмещении стоимости иного имущества - в течение 5 лет согласно порядку, установленному Правительством Эстонской Республики. Гарантией возврата этого долга является возвращенное имущество, которое может быть востребовано частично или в полном размере путем принудительной продажи в соответствии с законами Эстонской Республики.

Статья 3. Определение изменения стоимости имущества и разрешение споров

(1) Стоимость противоправно отчужденных земель на момент их возвращения определяется в соответствии с законами Эстонской Республики в порядке, установленном Правительством Эстонской Республики. Стоимость прочего имущества (исключая землю) на момент его отчуждения определяется соответственно Закону Эстонской Республики "Об определении стоимости противоправно отчужденного имущества и размерах возмещения за него" по методике и в порядке, установленным Департаментом государственного имущества Эстонской Республики.

(2) Увеличение или уменьшение стоимости возвращаемого имущества вычисляется путем сопоставления стоимости имущества на момент его отчуждения и на момент его возвращения в порядке, установленном Правительством Эстонской Республики.

(3) Результаты определения увеличения или уменьшения стоимости имущества, указанного в части 2 статьи 2 настоящего Закона, можно оспорить в исполнительном органе местного самоуправления первичного уровня по местонахождению имущества. Решение местного самоуправления можно обжаловать в суде.

Статья 4. Способ возмещения имущества

(1) Имущество возмещается правомочному субъекту реформы собственности путем продажи приватизируемого имущества за выданную в соответствии с частью 1 статьи 17 Основ ценную бумагу (далее - компенсационная ценная бумага) либо в соответствии с законами Реформы в сельском хозяйстве Эстонской Республики.

securities?

(2) Компенсационная ценная бумага выдается в стоимости, соответствующей цене подлежащего возмещению имущества, выраженной в кронах, с учетом инфляции начиная с 1 июля 1992 года.

Банк Эстонии и Правительство Эстонской Республики имеют право при организации возмещения имущества использовать вместо выдачи ценных бумаг иные способы, обеспечивая реализацию принципов возмещения имущества, установленных Основами и иными нормативными актами Эстонской Республики.

Статья 5. Возмещение имущества в деньгах

(1) Имущество может быть возмещено в эстонских кронах на основании компенсационных ценных бумаг либо иным способом, проистекающим из части 2 настоящего Закона.

(2) Возмещение имущества в деньгах осуществляется за счет компенсационного фонда, образованного Правительством Эстонской Республики. В данный фонд компенсации перечисляется 50 процентов денежных средств, получаемых от приватизации государственного и переданного государством в муниципальную собственность имущества.

(3) Банк Эстонии и Министерство финансов Эстонской Республики могут ограничивать ежегодные выплаты из компенсационного фонда в зависимости от общей суммы доходов государственного бюджета Эстонской Республики и необходимости стабилизации денежного оборота.

(4) Преимущественное право на получение денежной компенсации за имущество имеют малообеспеченные семьи и престарелые. Из указанных семей и лиц преимущественное право на получение денежной компенсации имеют бывшие собственники и противоправно репрессированные лица, из числа которых, в свою очередь, предпочтение отдается лицам, имущество которых сохранилось, но не подлежит возвращению.

Список лиц, имеющих преимущественное право на компенсацию, составляет и утверждает служба социального обеспечения местного самоуправления первичного уровня.

(5) Лицам, постоянно проживающим в иностранных государствах, имущество в деньгах не возмещается.

Статья 6. Порядок возмещения имущества

(1) Компенсационные ценные бумаги выдаются в соответствии с законами Эстонской Республики в порядке, установленном Правительством Эстонской Республики.

(2) Выдачу компенсационных ценных бумаг и выплату возмещений в деньгах осуществляют уполномоченные Банком Эстонии банки.

(3) Порядок возмещения имущества в деньгах устанавливает Министерство финансов Эстонской Республики.

Председатель Верховного Совета
Эстонской Республики А.Рюйтель

Таллинн, июля 1992 года

Представляет Комиссия по вопросам бюджета и экономики согласованно с представителем Правительства. 7 июля 1992 г.

id 366.sp

THE LAW
OF THE REPUBLIC OF ESTONIA

On the Acceleration of the Restitution of the Unlawfully Alienated Property Remained in its Previous Individualized Form

§ 1. The unlawfully alienated property, remained in previous individualized form, will be restored to the legitimate subject of the Proprietary Reform in order provided by the Government of the Estonian Republic before the issue of the securities (hereafter securities of compensation) mentioned in section 1 of § 17 of the Law of the Principles of the Proprietary Reform of the Estonian Republic (hereafter Principles) and drawing up the register of the property of previous owners, section 3 § 16 of the same law, on following conditions:

(1) the recipient of the applications for the restitution of the property has terminated the revision of the applications and inspection of documents.

(2) the district or town commission of the restitution and compensation of unlawfully alienated property has determined that liability and composition of the of the said property, as well as the rightful subject, has sufficient documentary evidence for the restitution of the property;

(3) the value of the property subject to restitution has not decreased or this decrease is not liable to compensation under the law of the Estonian Republic.

§2 In case the value of the property subject to restitution has decreased and this decrease is liable to compensation, the property should be restored on the conditions mentioned in subclause 1 and 2 of § 1 and if the compensation payable to the rightful subject has been determined and the rightful subject has given written evidence that he/she will not demand the issue of the security of compensation on the restitution of the property.

§ 3 The return of the unlafully alienated land will be resolved by the first level executive body of the local authority. If the organ of the state or local authority applies for the assignment of the land or part of it to the public Or municipal property, the return of the land or part of it will be resolved after the determination that this land is not subject to restitution according to the Land Reform Law of the Estonian Republic.

§ 4 The resolution on the restitution of the unlawfully alienated property should be published during one week in the local paper of the locality of named property.

§ 5 The unlawfully alienated property will be restored to the rightful subject on the expiration of two weeks from the publication of the resolution in the local paper, provided that during this time . . other legitimate claims have not been raised. The ownership of the restored property will be passed on on the day of signing the act of restoration of the property if not otherwise declared by the law of the Estonian Republic.

If, during two weeks from the publication of the resolution on restitution of unlawfully alienated property in the local paper,the legitimate claim for the property has been raised by another person, the property will be restored or compensated for in general order.

§ 6 The persons applying for restitution of the property on the basis of the law of the Estonian Republic "On the rehabilitation of persons unlawfully subjected to repressions and unfounded prosecutions", and persons, who have applied for the restitution of the property after January 17, 1992, having put in the application after the restitution of this property or alienation of it for the benefit of another person in the course of Proprietary Reform, can demand only compensation for the property.

§ 7 On the restitution of the unlawfully alienated property on the basis of the present law supplementary conditions will be fixed in the act of restitution considering the possible changes in particulars in the course of drawing up the register of previous owners and property, mentioned in section 3 § 16 of the Principles.

The Chairman
of the Supreme Soviet
of the Estonian Republic A. Rüütel

Tallinn, August 11, 1992

AGRICULTURAL PRIVATIZATION

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POLICY MEMORANDUM III

AGRICULTURAL PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the agricultural privatization program.

As with the other privatization programs in Estonia, the objective of agricultural reform is to return state assets to Estonian residents in order to lay the groundwork for a market economy. Agricultural privatization has particularly strong emotional appeal in Estonia, because before World War II Estonia was primarily an agricultural economy with small family farms and a standard of living comparable to Finland's.

The agricultural privatization program covers state-owned agricultural assets, which are principally collective farms (including fishing collectives) and agricultural enterprises. The agricultural privatization program is the most independently conceived of the privatization programs in Estonia, with privatization of each collective farm carried out by its own local agricultural reform committees. Members of the reform committees include three members of the collective farm, three local farmers and three local government representatives (all elected). One or more national government officials are also appointed to the committees.

Agricultural workers will receive agricultural work shares based on the net assets of an agricultural property, after deductions have been made for assets (both land and equipment) originally belonging to the national and local government, assets that must be surrendered to satisfy restitution claims, and bank debts. These net assets are then divided by the number of years of agricultural work claimed by each individual. One agricultural work share equals approximately one year of work. Because this method of calculating agricultural work shares is based on the net value of specific agricultural assets, the value of the shares of each agricultural property will differ.

2. Current status of the agricultural privatization program.

The status of agricultural privatization varies widely, because each agricultural reform committee works at its own pace and make decisions based on local conditions. Some collective farms and agricultural enterprises appear to be in the midst of

reorganization and privatization, while others have gotten bogged down in questions such as restitution.

Restitution valuation is a major problem for agricultural privatization, because the value of agricultural work shares is determined, in part, by deducting the value of restitution claims. Until these claims can be valued, the value of agricultural work shares cannot be calculated. It is not clear how the collective farms that are actually privatizing are dealing with this issue; their solutions most likely vary locally. The Law on Agricultural Reform states that by January 1, 1993 the agricultural reform committees must have decided whether their respective agricultural properties will be reorganized or liquidated. Efforts are being made to speed up the process of agricultural reform; for example, there is a draft decree on acceleration on agricultural and land reform.

3. Key players.

Ministry of Agriculture
Local agricultural reform committees
Local governments
State Land Department
Ministry of Economics

4. Outstanding issues.

ECONOMIC

The key economic issue related to agricultural reform concerns the impact of the simultaneous dismantling of the collective farms. The dissolution of the collective production structure will probably cause temporary reductions in overall output. Depending on the characteristics of the agricultural sector following privatization, restoring productivity may be a lengthy process. New means of cooperation and association among independent farmers, and between farmers and the consuming public will have to be developed and implemented. In addition, on the collective farms where the agricultural reform committees have been less successful in implementing privatization procedures, there are likely to be disincentives to work and incentives to appropriate some of the existing assets. Therefore efforts to speed up the agricultural privatization process are well advised.

POLITICAL

The outstanding political issue concerns perceived fairness, because individuals will receive shares of differing value depending on how well each farm was run and also on each committee's decisions. The D&T team recommends considering the possibility of establishing a minimum agricultural labor share value. If necessary, fewer assets can be returned to the state or local government to ensure that the minimum agricultural labor share value is achieved.

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PROGRAM DESIGN MEMORANDUM III

AGRICULTURAL PRIVATIZATION IN ESTONIA

1. Characteristics of agricultural work shares.

a. Eligibility.

Agricultural work shares are only available for individuals who lived and worked on farms or their heirs.

b. Convertibility.

Agricultural work shares can be converted to housing vouchers or popular capital obligations. It has been proposed that the unit of conversion be one year. (One year of agricultural work would entitle the individual to one housing voucher or popular capital obligation.)

c. Denomination.

Kroon.

d. Tradeability.

According to Article 17 of the Law on Agricultural Reform, agricultural work shares can be traded, but only to people who are also eligible to receive agricultural work shares. They can also be given as gifts, again to those who are eligible to receive such shares.

e. An account or a physical voucher?

The Law on Agricultural Reform refers to certificates, which are physical documents.

f. Tenor.

Not specified.

g. Value.

Agricultural work shares from different farms will have different values, because they are calculated on the basis of the net assets of each farm after a number of deductions, and then divided by the number of voucher claims.

h. Priority in receipt or use.

None apparent in available documents.

i. Interest bearing?

No.

j. Convertible into cash?

Only by selling to another party. However, if an agricultural reform committee makes a decision to liquidate a farm by selling it, holders of agricultural work shares would get their appropriate monetary share of the proceeds.

2. Program design and implementation.

a. The agricultural work shares are the only privatization instruments which are currently designated as tradeable. The trading process should be supervised carefully to ensure that a buyer of agricultural labor shares cannot convert them to popular capital obligations. Consideration should be given to whether other aspects of trading should be supervised as well, including a procedure for recording sales and possibly the prices.

b. It should be confirmed that instructions have been developed for converting agricultural labor shares to popular capital obligations (whether one agricultural work year is equivalent to one non-agricultural work year, what documentation is required, who provides it, who approves the transfer, etc.).

3. Organization and coordination.

a. Agricultural privatization is the least integrated into the other privatization programs. However, it is interrelated with the other programs, especially because agricultural work shares can be converted to housing vouchers and to popular capital obligations. Therefore, information about the number of agricultural labor shares that are going to be converted is very important for these other programs. The D&T team recommends that closer institutional ties be developed between these programs. One possibility is to create a link directly between the Ministry of Agriculture and the Ministry of Economy, because the Ministry of Economy plays a key role in the other three privatization programs. Another possibility is to establish a coordinating organization for all four privatization programs.

b. Holders of agricultural work shares could potentially be disadvantaged in converting into housing vouchers or popular capital obligations, because it is not clear when they will know the value of their agricultural work shares. It is conceivable that by the time they find out and can make a decision about converting, some of the most attractive housing or enterprise share purchase opportunities may already be over. The Law on Agricultural Land Reform does require that decisions be made by year end on all farms regarding whether the farm will privatize or be liquidated. However, this does not necessarily mean that the agricultural work shares will also be valued by then. The D&T team recommends that the agricultural reform committees be required to estimate the value of agricultural work shares by year end as well. In this way agricultural workers will have at least have an estimate on which to base a timely decision about whether to convert their agricultural work shares.

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APPENDIX III
AGRICULTURAL PRIVATIZATION DESIGN MEMORANDUM

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Draft decree of August 1992 concerning acceleration of agricultural reform.

Regulations concerning calculation of vouchers from collective farm assets

Law on Agricultural Reform and Implementation Decree, March 11, 1992 (in Russian)

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GOVERNMENT OF THE REPUBLIC OF ESTONIA

D e c r e e

Acceleration of Agricultural and Land Reform

In order to accelerate the agricultural and land reform and accordance with the Land Reform Law of the Republic of Estonia, e Agricultural Reform Law and the Law Acceleration of Restitutio operty

e Government of the Republic of Estonia rules:

To give permission to agricultural reform committees to initiat titution of collectivised property and compensating it in kind; allow executive bodies of local self-governments to start to e back farmland and other restitution property belonging to the ets of collective farms, to the former owners or their heirs already have started, or are starting, farming and about whom nty or town restitution committees have decided that the former ers' names and their property be entered in a register. The ision must encompass all persons eligible to that particular perty and who have submitted a relevant request.

To establish that the document about transfer of collectivised perty and of compensation in kind, as well as of farmlands and r restitution property should fix the status of land and other perty as of the moment of transfer. This will serve as the basis determining the value of the property, according to Article of the Bases for the Property Reform of the Republic of nia.

rding to Articles 1.3 and 2 of the Law of the Republic of nia on

property to be subject to restitution is only such property has been retained and exists in its former individualized .

o approve "Order of restituting and compensating in kind the ectivised property and other restitution property belonging he assets of a collective farm" and "Order of restituting land", which are additions to this Decree.

of the Government T. Vähi

ster of State U. Veering

3P

3/25/92

CONFIRMED

by the ER Ministry of
Agriculture
decree No. 3 from
March 25, 1992

R E G U L A T I O N S

Calculation of vouchers from collective farm assets

1. The present regulations shall regulate calculation of vouchers as stipulated in the Agricultural Reform Act of the Republic of Estonia.

2. Vouchers stand for shares in the collective farm capital and are calculated on the basis of the service period and work contribution of the collective farm members, permanent employees and other legitimate subjects.

3. The right to vouchers from the collective farm capital belongs to persons denoted in Article 3.1, sections 2 - 7.

4. The reform commitee has the right to include into the circle of those entitled to vouchers from the collective farm assets heirs-at-law and other persons in case the latter are employed by the collective farm or are individual farmers and are permanently living on the territory of the respective local self-government or collective farm .

5. Written applications for vouchers should be submitted by legitimate subjects (except persons quoted in Article 3.1, sections 2 and 3 of the Agricultural Reform Act) by May 12, 1992 to local self-government authorities which shall pass these applications over to the respective collective farm reform committee.

6. Former permanent employees of the collective farm or their heirs-at-law who have applied for vouchers are obliged to enclose to their applications a certificate to the effect that they have submitted an application for farmland and that the local self-government authority deems it possible to allocate to them land for farming purposes.

7. The circle of legitimate heirs of the persons entitled to voucher-holding shall be determined in conformity with the existing civil legislation.

8. The reform committee shall examine the applications and authorize the list of persons entitled to voucher-holding from the collective farm assets.

9. The right of legitimate subjects to dispose of/use their vouchers is regulated by Article 17 of the Agricultural Reform Act.

→ i.e. Sell, spend, etc

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10.Vouchers owned by legitimate subjects are inheritable in accordance with the established law and regulations.

11.Calculation of vouchers is based on:

11.1. Residual value of the collective farm fixed and current assets as stated in the balance-sheet (as of 01.01.1992) with the following deductions:

- to the reserve fund set up in conformity with Article 26 of the Agricultural Reform Act to cover the reckoned expenses incurred by the implementation of the agricultural reform;
- the collectivized property as set forth in Article 7 of the Agricultural Reform Act;
- the assets transferred into municipal ownership as provided in Article 10 of the Act;
- the share belonging to the Republic of Estonia under Article 11 of the Act;
- the share belonging to other juridical or physical persons as provided in Article 13 of the Act;
- loans and debts of the collective farm as stipulated in Article 14 of the Act.

12.The total cost of the capital left over after all the deductions specified in Paragraph 11.1 of the present Regulations have been made, shall be taken as the basis for the estimation of a voucher's value.

13.The value of a voucher owned by one person shall be estimated as follows:

13.1. The sum total (p.11.1) of the assets set aside for persons entitled to the collective farm voucher-holding shall be divided with the total number of workdays calculated to the name of those entitled to collective farm voucher-holding, the resultant figure showing the value of a voucher in roubles per one workday. In order to estimate the value of an individual voucher, the computed per-day value of the voucher shall be multiplied with the total number of workdays calculated to the benefit of this specific person.

13.2. Estimation of the total amount of workdays for each person entitled to voucher-holding is conducted as follows:

13.2.1. in order to reckon the earned norm days into workdays it is necessary to multiply the number of norm days with the coefficient 0.5;

13.2.2. days on which actual job performance took place shall count as workdays (actual working days of boilerhouse stokers, nightwatchmen etc. shall be reckoned into standard-hour-workdays);

13.2.3. women who have given birth and raised children to the age of at least one year shall be allotted 250 workdays for each year.

Model scheme for the calculation of vouchers at a X collective farm.

1. The value of the collective farm fixed and current assets allocated for distribution as vouchers has been estimated at 8 020 400 roubles.

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2. The split of vouchers among the X collective farm employees on the strength of the calculated workdays is the following:

Name	Total number of norm days	Number of appropriated workdays (1 n/d = 0.5 w/d)	Number of actual job performance w/d	Estimated additional days for childbirth & upbringing	Total number of w/d
Kuusk, Mari	500	250	1500	-	1750
Kask, Meeta	-	-	1000	250	1250
Lapp, Juhan	1800	900	6300	-	7200
and other persons				2552230	
All workers in total				2562430	

For each estimated workday the voucher's value in this case is equal to:

8020400 : 2562430 = 3.13 roubles

3. The values of individual vouchers are as follows:

Kuusk, Mari 1750 x 3.13 = 5478 roubles
Kask, Meeta 1250 x 3.13 = 3913 roubles
Lepp, Juhan 7200 x 3.13 = 22536 roubles

14. If a voucher is paid in kind, it is necessary to take into account changes in the collective farm assets and to proceed from the actaul state and value of the assets.

15. In case a collective farm has used its own computation methods (regulations) for the calculation of vouchers and the final estimates have been officially registered, then inasmuch the circle of legitimate subjects has changed and the like, it should make revaluation or equalization operations as required by the Agricultural Reform Act and provisions of the present Regulations by applying either their own computation method or the guidelines of the present Regulations, whereas, if the above-mentioned computation results have not been legally registered, it is obligatory to use the present Regulations.

If in consequence of revaluation operations the new value of a voucher is higher than the previous value, the difference shall be added to the vouchers of those entitled to voucher-holding. In the contrary situation, that is in case the revaluated voucher is smaller than the prevoius one, the monetary sums as well as contributions in kind that have already been paid out, shall not be subject to redemption.

While making revaluation operations, changes in the

balance-sheet vale of the assets may be taken into account.

Revaluation operations shall be made after the adoption of the instructions for the value estimation of the collectivized property.

16. The reform committee shall issue corresponding voucher certificates to the legitimate subjects.

17. A voucher is a special kind of peoples' capital (national capital) bonds, calculated and distributed only in agriculture.

18. Legitimate subjects of the agricultural reform have the right to exchange vouchers allocated to them for peoples' capital bonds in accordance with the order established by the Estonian government. If a voucher is worth more than a peoples' capital bond, the difference shall not be compensated to the legitimate subject.

19. Data on the voucher-holding of legitimate subjects of the agricultural reform shall be presented to the State Data Processing Center in the statutory manner.

20. A certificate issued to the effect of the voucher's value should contain the following information:

name of the legitimate subject, his/her surname, date and place of birth, passport number, official name of the collective farm and its location, value of the voucher and the time period the voucher has been calculated for, signatures of the chairman and the secretary.

All data recorded in the certificate shall be entered into the corresponding Register Ledger.

CONFIRMED BY:

ER Ministry of Economics	ER Ministry of Justice	ER State Property Dept.

ЗАКОН ЭСТОНСКОЙ РЕСПУБЛИКИ

Перевод

143 О РЕФОРМЕ СЕЛЬСКОГО ХОЗЯЙСТВА

I. Общие положения

Статья 1. Задачи Закона

(1) Настоящий Закон, исходя из Закона Эстонской Республики «Об основах реформы собственности» от 13 июня 1991 года (далее — Основы; Ведомости ЭР, 1991 г., № 21, ст. 257), регулирует в сельском хозяйстве возвращение обобществленного имущества и предоставление компенсации за него, а также реорганизацию или ликвидацию совместных хозяйств (далее — сельскохозяйственная реформа).

(2) В ходе сельскохозяйственной реформы в сельском хозяйстве осуществляется переход преимущественно к хуторскому хозяйствованию и иному предпринимательству, базирующемуся на частной собственности.

Статья 2. Термины, используемые в Законе

В настоящем Законе термины используются в следующем значении:

межхозяйственное предприятие — предприятие или другая организация, образованные совместными хозяйствами путем объединения их денежных средств и иного имущества;

паевое хозяйство — совместное хозяйство, поместившее свои денежные средства либо иное имущество в виде паевых взносов или акций в межхозяйственное предприятие;

неделимое имущество — совокупность вещей, использование которой по назначению после отделения какой-либо ее части становится технологически невозможным;

совместное хозяйство — 1) колхоз, в том числе рыболовецкий колхоз; 2) предприятие или иная организация, образованные путем выделения доли из колхозного имущества; 3) государственное сельскохозяйственное предприятие;

имущество совместного хозяйства — балансовые, денежные и материальные ценности совместного хозяйства, в том числе паевые взносы и акции в других организациях, ссуды и долги, а также прочие имущественные права и обязанности;

товарищество — организация сельскохозяйственных производителей на началах совместной деятельности, главной целью которой является удовлетворение потребностей своих членов путем совместного пользования имуществом.

Статья 3. Обязанные и управомоченные субъекты сельскохозяйственной реформы

(1) Управомоченными субъектами сельскохозяйственной реформы являются:

1) бывшие собственники обобществленного имущества и их правопреемники согласно статьям 7—9 Основ;

2) члены совместного хозяйства и его постоянные работники;

3) лица, вышедшие на пенсию из совместного хозяйства;

4) бывшие члены и постоянные работники совместного хозяйства, проработавшие в совместном хозяйстве не менее пяти лет;

5) бывшие члены и постоянные работники совместного хозяйства, приступившие к ведению хуторского хозяйства, последнее место работы которых было в совместном хозяйстве;

6) бывшие постоянные работники совместного хозяйства или их наследники в случае, если они приступили или приступают к ведению хуторского хозяйства;

7) лица, занимающие выборные государственные должности и должности в местных самоуправлениях Эстонской Республики, последнее место работы которых было в совместном хозяйстве;

8) кредиторы совместного хозяйства и другие лица, в отношении которых совместное хозяйство имеет имущественные обязанности;

9) совместное хозяйство в качестве пайщика межхозяйственного предприятия;

10) местное самоуправление;

11) Эстонская Республика;

12) другие лица согласно статье 16 настоящего Закона.

(2) Обязанными субъектами сельскохозяйственной реформы являются совместные хозяйства и межхозяйственные предприятия.

(3) Лица, указанные в пунктах 2—7 части 1 настоящей статьи, являются управомоченными субъектами сельскохозяйственной реформы лишь в том случае, если они постоянно проживают в Эстонской Республике.

Статья 4. Этапы реформы сельского хозяйства

(1) Сельскохозяйственная реформа проводится в совместном хозяйстве согласованно с восстановлением бывшего права собственности на землю и приватизацией земли в соответствии с Законом Эстонской Республики от 17 октября 1991 года «О земельной реформе» (Ведомости ЭР, 1991 г., № 34, ст. 426) поэтапно:

1) установление долей в имуществе совместного хозяйства;

2) ликвидация либо реорганизация совместного хозяйства.

(2) При установлении долей в имуществе совместного хозяйства:

1) проводится инвентаризация имущества совместного хозяйства, в ходе которой устанавливается состав имущества и согласно статье 26 настоящего Закона выделяется резервный фонд для проведения реформы;

2) устанавливаются обобществленное имущество, входящее в состав имущества совместного хозяйства, и управомоченные субъекты, а также решается вопрос о возвращении обобществленного имущества или предоставлении за него компенсации в соответствии с Основами и настоящим Законом;

3) устанавливается прочее противоправно отчужденное имущество, входящее в состав имущества совместного хозяйства. Возврат указанного имущества либо предоставление компенсации за него осуществляется согласно части 2 статьи 17 Основ;

4) в имуществе совместного хозяйства устанавливается доля других управомоченных субъектов сельскохозяйственной реформы на основании статей 10—11 и 13—14 настоящего Закона;

5) в остаточном имуществе согласно статье 16 настоящего Закона определяются трудовые паи управомоченных субъектов.

(3) После установления имущественных долей решается в соответствии с разделом III настоящего Закона порядок дальнейшего использования имущества и реорганизация или ликвидация совместного хозяйства, а также внедрение новых форм предпринимательства.

Статья 5. Комиссия по сельскохозяйственной реформе и ее компетенция

(1) Для проведения сельскохозяйственной реформы по каждому совместному хозяйству образуется комиссия административной единицы местного самоуправления по реформе, в состав которой входит равное число представителей совместного хозяйства, местных хуторян, местного самоуправления, а также представители государства.

(2) Порядок образования комиссии по реформе и порядок ее работы устанавливает Правительство Эстонской Республики.

(3) Комиссия по реформе:

1) обеспечивает инвентаризацию имущества совместного хозяйства;

2) устанавливает состав и стоимость обобществленного имущества и решает вопрос о его возвращении либо предоставлении за него компенсации;

3) представляет Совету местного самоуправления предложения по муниципализации имущества, необходимого для удовлетворения социально-культурных нужд населения;

4) устанавливает долю государства в имуществе совместного хозяйства;

5) устанавливает круг лиц, перечисленных в пунктах 2—12 части 1 статьи 3 настоящего Закона, и размер принадлежащей им доли имущества;

6) рассматривает программу реорганизации или ликвидации совместного хозяйства и дает свое согласие на ее реализацию;

7) выполняет при проведении сельскохозяйственной реформы иные обязанности, вытекающие из настоящего Закона и других нормативных актов.

(4) Комиссия по реформе вправе поручить совместному хозяйству подготовку материалов и документов, необходимых для проведения сельскохозяйственной реформы.

(5) В период проведения сельскохозяйственной реформы все сделки с основным имуществом совместного хозяйства разрешено совершать только с санкции комиссии по реформе.

Статья 6. Компетенция Совета местного самоуправления при проведении реформы сельского хозяйства

(1) При проведении реформы сельского хозяйства Совет местного самоуправления на своей административной территории:

1) обеспечивает взаимосвязь сельскохозяйственной реформы с земельной и административной реформами;

2) выдает юридическим лицам, образующимся в ходе реорганизации или ликвидации совместного хозяйства, разрешения на учреждение;

3) в соответствии с частью 2 статьи 10 Закона Эстонской Республики «О земельной реформе» вместе с Земельным департаментом в порядке, установленном Правительством Эстонской Республики, устанавливает землю, необходимую для обслуживания здания либо сооружения;

4) по согласованию с Земельным департаментом устанавливает ограничения и обязанности с целью обеспечения использования неделимого имущества по назначению согласно статье 18 Закона Эстонской Республики «О земельной реформе»;

5) решает вопрос о порядке и условиях дальнейшего пользования муниципализированным имуществом;

6) выполняет при проведении сельскохозяйственной реформы прочие задачи, вытекающие из настоящего Закона и иных нормативных актов.

II. Установление долей в имуществе совместного хозяйства

Статья 7. Рассмотрение заявлений о возвращении обобществленного имущества и предоставлении за него компенсации

Заявления о возвращении обобществленного имущества и предоставлении за него компенсации рассматривает комиссия по реформе на основании Основ и настоящего Закона.

Статья 8. Возвращение обобществленного имущества

Обобществленное имущество возвращается на основании решения комиссии по реформе в соответствии с Основами и настоящим Законом.

Статья 9. Предоставление компенсации за обобществленное имущество

(1) Компенсация за обобществленное имущество предоставляется согласно статье 14 Основ в порядке, предусмотренном настоящим Законом.

(2) Бывший собственник обобществленного имущества или его правопреемник, исходя из стоимости имущества в период обобществления, имеет право получить компенсацию:

1) путем замены имущества другим равноценным имуществом (компенсация натурой);

2) в виде доли в имуществе совместного хозяйства, о чем ему выдается соответствующая справка;

3) деньгами.

(3) Компенсацию, полученную в виде доли в имуществе совместного хозяйства, управомоченный субъект вправе присовокупить к своему трудовому паю, а также возмездно либо безвозмездно передать ее другим управомоченным субъектам на тех же условиях, что и передача трудового пая согласно статье 17 настоящего Закона.

(4) О получении компенсации натурой управомоченный субъект вправе ходатайствовать в соответствии со статьями 20 и 21 настоящего Закона.

(5) Комиссия по реформе решает вопрос о способе, порядке и сроках предоставления компенсации в соответствии с программой реорганизации либо ликвидации совместного хозяйства.

(6) Компенсацию, причитающуюся за обобществленное имущество, управомоченный субъект вправе передать по наследству.

Статья 10. Муниципализация имущества совместного хозяйства

(1) Административным единицам со статусом местного самоуправления согласно Основам возвращается находящееся во владении совместного хозяйства имущество, являвшееся до 16 июня 1940 года муниципальной собственностью.

(2) Социально-культурные объекты, построенные за счет государственного бюджета и прочих централизованных средств, передаются в муниципальную собственность безвозмездно в порядке, установленном Правительством Эстонской Республики.

(30) Передача социально-культурных объектов, построенных или приобретенных за счет собственных средств совместного хозяйства, в муниципальную собственность производится согласно статье 30 Основ.

(4) При передаче в муниципальную собственность объектов, построенных за счет собственных средств совместного хозяйства, стоимость их засчитывается в погашение задолженности совместного хозяйства государству либо в счет покрытия стоимости имущества, полученного им от государства безвозмездно.

Статья 11. Установление доли Эстонской Республики в имуществе совместного хозяйства

(1) В имуществе совместного хозяйства Эстонской Республике принадлежит:

1) имущество, принадлежавшее до 16 июня 1940 года Эстонской Республике;

2) объекты и сооружения, приобретенные либо построенные за счет госбюджетных и прочих централизованных средств;

3) имущество, безвозмездно переданное государством совместному хозяйству и сохранившееся в индивидуализируемом виде.

(2) Доля Эстонской Республики в имуществе совместного хозяйства устанавливается в порядке, устанавливаемом Правительством Эстонской Республики.

(3) При установлении доли Эстонской Республики в имуществе совместного хозяйства погашенные государством ссуды в расчет не принимаются.

Статья 12. Распоряжение установленной в имуществе совместного хозяйства долей Эстонской Республики

(1) Доля Эстонской Республики в имуществе совместного хозяйства в порядке, установленном Правительством Эстонской Республики:

1) оставляется в собственности государства в качестве долевой собственности в имуществе правопреемника совместного хозяйства либо передается возмездно или безвозмездно другим юридическим лицам;

2) передается в муниципальную собственность с обязанностью приватизации либо без таковой;

3) сдается в аренду с правом выкупа либо без такового;

4) приватизируется иностранцам согласно статье 39 Основ;

5) приватизируется иным образом.

(2) Мелиоративные и дождевальные системы, находящиеся на балансе совместного хозяйства и сооруженные за счет госбюджетных средств, передаются вместе с передачей земельной собственности или землепользования, причем стоимость этих объектов засчитывается в цену земли. Порядок передачи и дальнейшего использования указанных объектов устанавливает Правительство Эстонской Республики.

(3) В случае приватизации доли Эстонской Республики преимущественное право на ее приобретение предоставлено товариществам сельскохозяйственных производителей, действующим на территории данной административной единицы.

Статья 13. Доля других лиц в имуществе совместного хозяйства

(1) Юридические и физические лица, поместившие свои денежные либо материальные средства в имущество совместного хозяйства, имеют право подать ходатайство об установлении своей доли в имуществе совместного хозяйства.

(2) Лица, указанные в части 1 настоящей статьи, имеют право ходатайствовать:

1) о выделении и возвращении своей доли натурой;

2) об оформлении долевой собственности в имуществе правопреемника совместного хозяйства;

3) о выплате своей доли деньгами.

(3) Условия, порядок и сроки передачи указанного в части 2 настоящей статьи имущества либо выплаты его стоимости определяет комиссия по реформе в соответствии с программой реорганизации совместного хозяйства согласно статьям 20 и 21 настоящего Закона.

Статья 14. Долги и прочие имущественные обязательства совместного хозяйства

(1) При ликвидации либо реорганизации совместного хозяйства ссуды и долги совместного хозяйства, включая ссуды, полученные за счет средств государственного бюджета, подлежат оплате за счет следующего имущества:

1) денежных средств;

2) паевых взносов и акций;

3) прочего имущества.

(2) С согласия банка и других кредиторов ссуды и другие имущественные обязанности совместного хозяйства могут быть переданы тем лицам, которым переходит часть имущества совместного хозяйства подлежащая разделу в виде трудовых паев.

(3) Обязанности совместного хозяйства по возмещению ущерба связанного с повреждениями здоровья, а также выплаты пенсий по случаю потери кормильца переходят органам государственного социального обеспечения.

(4) Договорные обязательства совместного хозяйства переходят правопреемникам совместного хозяйства в соответствии с передачей имущества.

Статья 15. Паевые взносы и акции совместного хозяйства в других организациях

(1) Паевые взносы и акции совместного хозяйства либо соответствующая им доля совместного хозяйства в имуществе других организаций передаются правопреемникам совместного хозяйства в соответствии с уставами указанных организаций, либо в муниципальную собственность в соответствии со статьей 10 настоящего Закона, или при приватизации имущества совместного хозяйства реализуются прежде всего членам совместного хозяйства, его постоянным работникам и хуторянам, а также бывшим собственникам обобществленного имущества либо их наследникам, с учетом их трудовых паев и компенсации, полученной ими за обобществленное имущество.

(2) Передача паевых взносов и акций осуществляется согласно программе реорганизации или ликвидации совместного хозяйства. В случае, если паевые взносы и акции связаны с конкретным имуществом совместного хозяйства, их передача осуществляется согласно статьям 20 и 21 настоящего Закона.

Статья 16. Трудовые паи в имуществе совместного хозяйства

(1) Трудовой пай — это доля членов совместного хозяйства, его постоянных работников и прочих управомоченных субъектов в имуществе совместного хозяйства, исчисленная на основании их трудового стажа в совместном хозяйстве и трудового вклада в него.

(2) При исчислении трудового пая за основу берется имущество остающееся после выделения имущества на основании статей 7—14 настоящего Закона.

(3) Право на трудовой пай в имуществе совместного хозяйства имеют лица, указанные в пунктах 2—7 части 1 статьи 3 настоящего Закона, с учетом их трудового стажа и трудового вклада в хозяйство.

(4) Комиссия по реформе имеет право причислить к получателям причитающегося им трудового пая из имущества совместного хозяйства, помимо субъектов, указанных в части 3 настоящей статьи, также их наследников и других лиц, если они работают в совместном хозяйстве или ведут хуторское хозяйство и постоянно проживают на территории данного местного самоуправления или совместного хозяйства.

(5) Порядок определения трудовых паев устанавливает Правительство Эстонской Республики.

(6) Управомоченному субъекту выдается соответствующая справка о размерах его трудового пая.

Статья 17. Распоряжение трудовыми паями

(1) Лицо, имеющее трудовой пай в имуществе совместного хозяйства, имеет право:

1) поместить свой трудовой пай в качестве долевой собственности в имущество правопреемника совместного хозяйства;

2) ходатайствовать о выделении имущества совместного хозяйства натурой в пределах своего трудового пая, согласно статьям 20 и 21 настоящего Закона;

3) присовокупить свой трудовой пай к компенсации за обобществленное имущество, а также к другим паям или облигациям, выданным в аналогичных целях в порядке, установленном Законом;

4) передать свой трудовой пай безвозмездно или возмездно другому лицу, проживающему на территории данного местного самоуправления или совместного хозяйства или имеющему право получить там землю путем возвращения или замены ее другим наделом, либо на основе части 2 статьи 22 согласно Закону «О земельной реформе».

(2) Управомоченный субъект имеет право передать свой трудовой пай по наследству.

(3) Способ, порядок и сроки реализации трудового пая определяет комиссия по реформе в соответствии с планом реорганизации или ликвидации совместного хозяйства согласно статьям 20 и 21 настоящего Закона.

III. Реорганизация и ликвидация совместного хозяйства

Статья 18. Создание государственных хозяйств

(1) Верховный Совет Эстонской Республики устанавливает перечень сельскохозяйственных учебных, опытных и научных учреждений государственного значения, остающихся государственными хозяйствами, а также площади и границы остающихся в их пользовании государственных земель, не подлежащих согласно статье 31 Закона Эстонской Республики «О земельной реформе» ни возвращению, ни приватизации.

(2) Передача имущества в ведение государственных хозяйств, указанных в части 1 настоящей статьи, и его дальнейшее использование происходит в порядке, установленном Правительством Эстонской Республики.

(3) Обобществленное имущество, установленное в составе имущества государственных хозяйств, возвращается или за него предоставляется компенсация на основании настоящего Закона в порядке, установленном Эстонской Республикой.

Статья 19. Реорганизация или ликвидация совместного хозяйства

(1) Совместное хозяйство подлежит реорганизации либо ликвидации по решению общего собрания членов и постоянных работников совместного хозяйства, имеющих в имуществе совместного хозяйства трудовой пай. Все другие лица, имеющие долю в имуществе совместного хозяйства, вправе принять участие в общем собрании с правом решающего голоса.

(2) Совместное хозяйство подлежит ликвидации по решению собрания, указанного в части 1 настоящей статьи, либо по требованию кредиторов, если имущество совместного хозяйства недостаточно для удовлетворения их требований.

(3) Для ликвидации или реорганизации совместного хозяйства общее собрание совместного хозяйства принимает программу его ликвидации или реорганизации и представляет ее на рассмотрение комиссии по реформе.

(4) Если комиссия по реформе не согласна с представленной совместным хозяйством программой ликвидации или реорганизации, вопрос о реализации данной программы решает Совет местного самоуправления.

Статья 20. Установление неделимого имущества

(1) Для обеспечения преемственности производства при проведении сельскохозяйственной реформы устанавливается неделимое имущество, принимаемое за основу при выделении имущества совместного хозяйства натурой, в следующей последовательности:

1) неделимое имущество, связанное с сельскохозяйственным производством, вместе с предложениями по установлению размеров землепользования, необходимого для обслуживания этого неделимого имущества, и введению ограничений и обязанностей собственников земли и землепользователей;

2) неделимое имущество, обслуживающее сельскохозяйственное производство.

(2) Оборотное имущество выделяется соответственно размерам и целевому назначению основного имущества.

Статья 21. Выделение имущества натурой

(1) Выделение имущества натурой производится на основе программы ликвидации или реорганизации совместного хозяйства на условиях, установленных статьей 20 настоящего Закона.

(2) Право ходатайствовать о выделении имущества натурой имеет управомоченный субъект, имеющий долю в имуществе совместного хозяйства, в случае, если у него есть условия начать или продолжить сельскохозяйственное производство или для иного предпринимательства на административной территории данного совместного хозяйства или местного самоуправления.

(3) При выделении сельскохозяйственных средств производства натурой учитывается размер землепользования ходатайствующего об имуществе и наличие у него средств производства.

(4) В случае выделения имущества натурой договор об аренде этого имущества по требованию приобретателя подлежит досрочному расторжению. Арендатор, являющийся управомоченным субъектом сельскохозяйственной реформы, имеет преимущественное право требовать выделения арендованного им имущества натурой.

Статья 22. Образование товариществ

(1) Для восстановления совместной деятельности на селе товарищества сельскохозяйственных производителей имеют преимущественное право приобретения объектов, обслуживающих сельскохозяйственное производство.

(2) Все сельскохозяйственные производители данного административного региона соответственно сфере своей деятельности имеют право на равных началах вступить в члены товарищества.

(3) Образование и деятельность товариществ происходит на основании закона, регулирующего совместную деятельность.

IV. Реформа межхозяйственного предприятия

Статья 23. Реформа межхозяйственного предприятия

Реформа межхозяйственного предприятия проводится в порядке, установленном специальным законом.

V. Обеспечение реформы сельского хозяйства

Статья 24. Предоставление преимуществ и льгот

(1) При ликвидации или реорганизации совместного хозяйства Правительство Эстонской Республики может предоставлять новым собственникам имущества льготы по уплате ссуд, переданных им вместе с имуществом, или погашать названные ссуды за счет государственного бюджета, а также предоставлять долгосрочные льготные кредиты для реорганизации производства. Порядок предоставления льгот и кредитов устанавливает Правительство Эстонской Республики совместно с Банком Эстонии.

(2) Возвращение обобществленного имущества и предоставление компенсации за него, а также передача в ходе сельскохозяйственной реформы прочего имущества не облагаются ни государственной пошлиной, ни налогом.

Статья 25. Переход права собственности на имущество

Право собственности на возвращаемое, компенсируемое натурой или выделяемое натурой на основе трудового пая имущество переходит на основании акта, которым устанавливается:

1) дата передачи имущества и перехода права собственности на него;

2) обязательство приобретателя использовать имущество по целевому назначению согласно требованию органа самоуправления на установленных им условиях и до срока, определенного им;

3) переход прав и обязанностей, связанных с имуществом;

4) прочие необходимые условия, согласно решению комиссии по реформе.

Статья 26. Резервный фонд

(1) Для покрытия расходов, связанных с проведением реформы сельского хозяйства, в резервный фонд перечисляется до 5% стоимости имущества совместного хозяйства.

(2) При реорганизации совместного хозяйства остаток резервного фонда передается правопреемникам совместного хозяйства. При ликвидации совместного хозяйства остаток денежных средств перечисляется на специальный счет местного самоуправления, где они хранятся в течение трех лет, за их счет удовлетворяются позднейшие обоснованные требования управомоченных субъектов.

Статья 27. Защита трудовых прав членов и работников совместного хозяйства

(1) При реорганизации или ликвидации совместного хозяйства вопросы трудовых отношений членов и работников решаются в соответствии с законодательством и уставом совместного хозяйства.

(2) При проведении реформы сельского хозяйства Правительство Эстонской Республики вправе оказывать органу местного самоуправления помощь в организации переобучения бывших членов и работников совместного хозяйства и обеспечении трудовой занятости.

Статья 28. Разрешение споров

(1) При проведении сельскохозяйственной реформы управомоченный субъект имеет право:

1) обжаловать решение общего собрания совместного хозяйства в комиссию по реформе;

2) решение комиссии по реформе обжаловать в Совет местного самоуправления.

(2) В случаях, указанных в части 1 настоящей статьи, сроки обжалования составляют один месяц, считая со времени, когда управомоченный субъект был письменно извещен о решении.

(3) Обжалование решения Совета местного самоуправления происходит в соответствии со статьей 19 Закона «Об основах местного самоуправления».

(4) Споры относительно возвращения обобществленного имущества и предоставления компенсации за него разрешаются соответственно статье 19 Основ.

Статья 29. Претворение Закона в жизнь

Претворение настоящего Закона в жизнь обеспечивает Правительство Эстонской Республики, которое издает для этого инструкции и разъяснения.

Председатель Верховного Совета Эстонской Республики А. РЮЙТЕЛЬ

Таллинн, 11 марта 1992 г.

ПОСТАНОВЛЕНИЕ ВЕРХОВНОГО СОВЕТА ЭСТОНСКОЙ РЕСПУБЛИКИ

Перевод

144 О введении в действие Закона Эстонской Республики «О реформе сельского хозяйства»

Верховный Совет Эстонской Республики постановляет:

1. Установить, что Закон Эстонской Республики «О реформе сельского хозяйства» вступает в силу со дня принятия настоящего Постановления.

2. Органам местного самоуправления организовать образование комиссий по реформе, указанных в статье 5 Закона «О реформе сельского хозяйства», в месячный срок со дня установления Правительством Эстонской Республики порядка образования комиссии по реформе.

3. Установить, что реформа сельского хозяйства в совместном хозяйстве начинается с образования комиссии по реформе и завершается по решению Совета местного самоуправления после удовлетворения требований всех управомоченных субъектов и реорганизации либо ликвидации совместного хозяйства.

4. Установить, что все управомоченные субъекты сельскохозяйственной реформы, за исключением бывших собственников обобществленного имущества и их правопреемников, имеют право подать ходатайства об установлении своей доли в имуществе совместного хозяйства в двухмесячный срок со дня принятия настоящего Постановления.

5. Если совместное хозяйство располагается одновременно на административных территориях двух или более местных самоуправлений, реформа сельского хозяйства проводится под руководством местного самоуправления по основному местонахождению совместного хозяйства согласованно с другими местными самоуправлениями в отношении той части имущества, которое расположено на их территории.

6. Если местному самоуправлению первичного уровня не присвоен статус волости, обязанность проведения реформы по части совместного хозяйства, расположенного на территории административной единицы, возлагается на исполком соответствующего уезда. Уездный исполком имеет право передать полномочия на проведение реформы соответствующему сельсовету, действующему в таком случае согласно Закону Эстонской ССР «Об основах местного самоуправления» от 10 ноября 1989 года.

7. Установить, что пункт 1 Постановления Президиума Верховного Совета Эстонской Республики от 17 июля 1990 года «О первоочередных мерах по организации процесса приватизации» и пункты 8 и 10 Постановления Верховного Совета Эстонской Республики от 20 июня 1991 года «О введении в действие Закона «Об основах реформы собственности» не распространяются на обязанных субъектов сельскохозяйственной реформы начиная с образования комиссии по реформе. Все сделки с основным имуществом совместного хозяйства совершаются с разрешения комиссии по реформе.

8. Установить, что комиссия по реформе, образованная на основании статьи 5 Закона Эстонской Республики «О реформе сельского хозяйства», вправе рассмотреть все сделки с государственным имуществом после 17 июля 1990 года и с основными средствами новых организаций, образованных после 20 июня 1991 года путем выделения доли из колхозов и их имущества, а также потребовать признания недействительными незаконных сделок и возмещения причиненных убытков согласно пункту 9 Постановления Верховного Совета Эстонской Республики «О введении в действие Закона Эстонской Республики «Об основах реформы собственности» от 20 июня 1991 года.

9. Установить, что комиссия по реформе вправе привлекать к участию в своей работе с правом совещательного голоса представителей управомоченных субъектов сельскохозяйственной реформы и земельной реформы данной административной территории. Все управомоченные субъекты имеют право лично или через своего представителя принимать участие в рассмотрении своих заявлений и ходатайств на заседании комиссии по реформе.

10. Решения об исчислении трудовых паев, принятые совместными хозяйствами после 20 июня 1991 года, а также решения, принятые по этим вопросам до 20 июня 1991 года, однако не выполненные, необходимо привести в соответствие и выполнять согласно Закону Эстонской Республики «О реформе сельского хозяйства» и иным нормативным актам, изданным на его основе.

11. Установить, что лица, которым исчислен трудовой пай в имуществе совместного хозяйства, имеют право на выдаваемые государством для приватизации облигации народного капитала и другие ценные бумаги (доли) в том объеме, в каком облигация народного капитала или другая ценная бумага превышает трудовой пай.

12. Если обобществленное имущество возвращено совместным хозяйством, либо за него выдана компенсация до 20 июня 1991 года, то соответствующие решения следует привести в соответствие с частью 4 статьи 14 Основ и настоящим Законом.

13. При реорганизации или ликвидации совместного хозяйства совладельцы имущества имеют право вместо общего собрания провести собрание избранных совладельцами представителей. Каждый совладелец, независимо от размера его доли в имуществе, имеет один голос. Передача полномочий оформляется протоколом, при этом вместе с полномочиями уполномоченному переходит и право голоса соответствующего совладельца.

14. Установить, что в период реформы сельского хозяйства и в ходе реорганизации или ликвидации совместного хозяйства устав совместного хозяйства действует постольку, поскольку он не противоречит настоящему Закону и другим нормативным актам.

15. Возложить ответственность за руководство реформой сельского хозяйства и ее координацию на Правительство Эстонской Республики.

Правительству Эстонской Республики:

1) представить Верховному Совету Эстонской Республики в месячный срок со дня принятия настоящего постановления проект закона, регулирующего возобновление совместной деятельности на селе;

2) установить в двухнедельный срок порядок образования комиссии по реформе и порядок ее работы.

3) установить в месячный срок порядок исчисления трудового пая в имуществе совместного хозяйства;

4) представить Верховному Совету Эстонской Республики в месячный срок проект закона об определении стоимости обобществленного имущества;

5) ввести в действие в месячный срок Положение о государственных хозяйствах и порядок распоряжения имуществом, передаваемым в ведение государственных хозяйств;

6) ввести в действие в двухнедельный срок порядок установления собственности Эстонской Республики в имуществе совместного хозяйства;

7) ввести в действие в двухнедельный срок порядок передачи и дальнейшей эксплуатации мелиоративных и дождевальных систем;

8) совместно с Банком Эстонии в месячный срок установить условия погашения задолженностей совместных хозяйств по ссудам при проведении реформы и порядок дальнейшего кредитования сельскохозяйственных производителей;

9) установить в месячный срок условия предоставления образуемым товариществам преимуществ и прочих льгот при приватизации имущества бывших товариществ в соответствии с пунктом 3 Постановления Верховного Совета Эстонской Республики «О введении в действие Закона «Об основах реформы собственности».

15. Советам местного самоуправления обеспечить к 1 января 1993 года принятие решений, указанных в статье 19 Закона «О реформе сельского хозяйства».

Председатель Верховного Совета Эстонской Республики А. РІЙЙТЕЛЬ

Таллинн, 12 марта 1992 г.

LARGE ENTERPRISE PRIVATIZATION

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POLICY MEMORANDUM IV

LARGE ENTERPRISE PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the large enterprise privatization program.

The large enterprise privatization program aims to put government properties with book value of over 600,000 EEK (Estonian Kroon) into private ownership. (These properties do not include housing and agricultural assets, as well as smaller enterprises, which are covered by other legislation.) The assets can be sold for Estonian currency or for popular capital obligations and/or for compensation securities.

The 1991 "Law on the Principles of Property Reform" states its objectives as follows: "...the restructuring of property relationships in order to guarantee the inviolability of property and free enterprise, to make good the injustices carried out by the violation of property rights, and to create conditions for the transition to a market economy." It should also be noted that 50% of the proceeds from large enterprise privatization has been earmarked to pay compensation claims for property lost during the period of Soviet rule.

2. Current status of the large enterprise privatization program

Until August 1992 the only legislation concerning privatization of enterprises of any size was the Law on Privatization of State-Owned Service, Trade and Catering Facilities, of December 1991. This law was amended and expanded in practice to cover all enterprises with book value under 600,000 EEK. Approximately 20-25% of smaller enterprises have been privatized according to this law and the process is ongoing.

Progress has recently been made regarding the privatization of larger state and municipally owned assets - those with book value of over 600,000 EEK. On August 13, 1992 Parliament agreed to the formation of the Estonian Privatization Company (EPC), which would be responsible for privatizing state-owned enterprises along the German Treuhandanstalt model This includes transferring the assets of enterprises to

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be privatized to the balance sheet of the EPC. The EPC is under the responsibility of the Economics Ministry. The initial staff of the EPC is 40-80 people, and it is expected to grow to several hundred. We understand that the German Treuhandanstalt will also provide advisory assistance to the EPC.

Parliament also gave the Government approval to privatize 30 enterprises in 1992 with book value of over 600,000 kroon, prior to introducing the use of popular capital obligations or compensation securities for the purchase of state assets by Estonian citizens. Several resolutions were passed in connection with this approval, covering such issues as the method of sale and the use of proceeds. Comprehensive legislation on large enterprise privatization, including the use of popular capital obligations, is being drafted and is expected to be presented to Parliament in October. The IMF has also required that by October 31 the Government propose a plan for privatizing all large and middle size enterprises.

The EPC model for large enterprise privatization has become more controversial following the election of the new Government in September. Following the first offering of 38 companies on the balance sheet of the EPC, the new Prime Minister, Mart Laar, dismissed the Director and the Board of the EPC citing irregularities in the offering procedure. Subsequently, the sale was allowed to proceed, but the Government is re-examining the structure and reporting requirements of the EPC.[2] Mr. Kaido Kama, the Minister of Justice, has said that it may take up to 6 months for Estonia to prepare legislation for large-scale privatization, but that this should not effect the offering of the first 38 companies.

3. Key players

Ministry of Economy
Estonian Privatization Company
State Property Board
Ministry of Industry

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[2] The new Board is headed by former foreign minister Jaan Manitski, and is composed of the following Members of Parliament: Heiki Kranich (Pro Patria), Mikheil Parnoja (Moderate), Epp Haabsaar (National Independence Party), Riivo Sinijarv, Hillar Tuiskvee, and Ants Veetousme.

Municipal governments (for municipal property)
State Computing Center
Ministry of Finance
Bank of Estonia
State Property Service

4. Outstanding issues

ECONOMIC

Large scale privatization will have a significant impact on the economy of the country. Perhaps most significant will be the effect on employment. It is difficult to forecast the upcoming changes, although it must be expected that they will be disruptive in the initial periods. The D&T team recommends that the Government, through the Ministry of Economy and the Ministry of Finance, keep careful track of the major economic indicators and carefully manage the privatization process to maximize the speed of transition while minimizing disruptions to the greatest extent possible. The experiences of other countries in the region that have embarked upon privatization can provide important information for the Government of Estonia in this regard.

POLITICAL

The economic downturn that can be expected in the initial phases of large scale privatization will make any political issues more difficult, because economic hardship heightens political tensions. The critical political issue concerns the perceived fairness of the large enterprise privatization program. Potential questions about fairness include:

a. The right of foreigners to purchase Estonian assets before Estonians themselves, as a result of the initial privatization of 30 enterprises in 1992.

b. Outright corruption or misuse of official positions to gain advantage in the privatization process. There is already some popular perception that "ordinary people" have nothing to gain in the privatization process and that the advantages will go to those already in power. There are many stories of

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enterprise managers who have siphoned off enterprise assets to create private companies under their ownership.

c. Who else has or should have priority in purchasing state assets: employees of the enterprises to be privatized, individuals who have received compensation securities because their lost property could not be restituted, etc. The D&T team has found that the provisions for priority in the different privatization programs are not easy to understand and may not be consistent between the programs.

d. The potential areas with a majority Russian population may suffer disproportionately. The heavy industry that was focused on supplying the Soviet Union is in largely Russian areas of Estonia and does not represent as attractive a privatization prospect.

e. The inevitability that the share value of some privatized enterprises will fall after the initial share offering. This could cause the feeling among new and inexperienced share holders that they have somehow been treated unfairly. Such a loss of value in an individual's privatization purchase could be particularly traumatic because Estonians are not yet accustomed to the fluctuations of a stock market.

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PROGRAM DESIGN MEMORANDUM IV

LARGE ENTERPRISE PRIVATIZATION IN ESTONIA.

1. Voucher/popular capital obligation characteristics:

The voucher application forms that will be distributed for housing privatization will also form the basis for participating in the large enterprise privatization program. Any vouchers that are not used for housing privatization can be converted to popular capital obligations and used for large enterprise privatization. As in the case of housing, any privatization instruments that are converted from other programs (agriculture and compensation) to popular capital obligations can also be used for large enterprise privatization. The following description applies to popular capital obligations.

a. Eligibility.

Legal residents as of January 1, 1992 over the age of 18 and their heirs.

b. Convertibility.

Agricultural vouchers can be converted to popular capital obligations, but there is no reverse convertibility. Housing vouchers can be converted to popular capital obligations. Compensation securities can be used for the same purposes as popular capital obligations.

c. Denomination.

Popular capital obligations will be denominated in Estonian kroon.

d. Tradeability.

As in the case of housing vouchers, popular capital obligations can be given to family members. A decision has not yet been made about their tradeability on the open market.

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e. An account or a physical security?

Although recent decrees have referred to issuance of securities by the Bank of Estonia, this issue is still under consideration.

f. Tenor.

Not clear. The housing vouchers, which are the basis for the issuance of the popular capital obligations, can be used for privatization of housing until April 1, 1997.

g. Value.

The kroon value of the popular capital obligations is to be established by the Government.

h. Priority in receipt or use.

There are at least two potential areas of priority in the process of large enterprise privatization. Article 38 of the Law on the Principles of Property Reform says that holders of compensation securities have priority in the privatization process. There are also some indications that employees of enterprises to be privatized will have a priority in purchasing shares. It should be noted that these and other potential priorities are not necessarily consistent with each other.

i. Interest bearing?

Not currently.

j. Convertible into cash?

No.

2. <u>Program design and implementation</u>.

a. The regulations for who gets priority in purchasing shares in large enterprises

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should be reviewed for consistency with the priority provisions in the other privatization programs.

b. The program for using popular capital obligations for large enterprise privatization is still being developed. According to Government Decree 226 of August 5, 1992, vouchers that are not used to purchase housing can be converted into "a popular capital obligation in the form of a security." This popular capital obligation can be used to purchase other state assets. The securities would be issued by the Bank of Estonia; the decree "proposes" that the obligations be issued (or issuable) by January 1, 1993.

We understand that the Government is still considering whether to issue securities or to maintain the obligations in computer based accounts, like the housing vouchers. (This deliberation by the Government also applies to compensation securities.) A final decision will be made in October. The D&T team continues to support the use of a computer based system for the popular capital obligations for the following reasons:

1) Physical securities introduce a new level of complexity into the privatization process. These complexities include the need to print non-counterfeitable securities, the danger of loss, the need for a law covering securities, etc. Furthermore, an important reason for having physical securities is for convenience in trading them. However, this reason does not apply to the popular capital obligations, because, at least in the initial stages, they will not be tradeable.

2) The longer the vouchers are kept as accounts, the more flexibility the Government will have in managing them and making any fine tuning to the privatization program. For example, if it is decided to add an inflation adjustment to the vouchers, or to introduce a system of mutual funds for large enterprise privatization, it will be simpler to do so on the basis of a computer based account system.

3) Physical securities are not divisible, yet the prices of many privatized assets are likely to include some fraction of a security.

4) A computer based account system for vouchers and obligations can be

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used more easily than physical securities for combining different vouchers (such as agricultural and popular capital vouchers), for management information purposes, and for controlling fraud and loss.

5) Individuals can receive account statements of their voucher benefits which they can use for their own records, without the need to hold physical securities. Although it may require some public education to assure people that they do not need to hold securities in order to own something of value, this is an important aspect of a modern market economy which they will need to learn. It seems possible that public education on this point, especially in the initial stages of privatization, will be simpler than public education on the usage of physical securities.

c. If it is determined that physical securities are to be used, their introduction should be coordinated very carefully with draft laws concerning the issuance, trading and printing of securities.

d. The lack of a long-term debt market could hamper the ability of newly privatized industrial enterprises to make the capital investments necessary for their success. Consideration should be given to ways to encourage the development of a long-term debt market, with an emphasis on encouraging its growth in the private sector. Possibilities include partially subsidized long-term bank funding from the government and/or risk sharing with the government. Long-term debt provided directly from the government as the sole solution is not recommended, because it will prohibit the development of such a market in the commercial banking sector.

e. A program of management training for the new senior managers of the privatized enterprises should be developed. In addition, it should be determined whether the provisions for ownership control of management will be adequate for the newly privatized enterprises, particularly in cases where shares are widely held and there is little opportunity for control by shareholders. In these circumstances the provisions governing the activities and responsibilities of the board of directors will be very important.

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3. Organization and Coordination.

The organization of the large scale privatization program is currently in flux due to the recent establishment of the Estonian Privatization Company. At the moment, the D&T team sees the following unresolved issues in the organization of large enterprise privatization:

a. Definition of the role of the Ministry of Industry.

b. The need for close coordination between the different privatization/asset distribution programs in Estonia. This is particularly true of housing and large enterprise privatization, where vouchers that are not used for housing can be used in the large enterprise privatization program. At a minimum, frequent reports on the number of unused vouchers should be provided to the Estonian Privatization Company.

c. Initial efforts are being made to coordinate the development of the Estonian stock exchange with the computerized voucher system for privatization. These efforts should continue, in order to ensure maximum synergy between the two systems.

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APPENDIX IV
LARGE ENTERPRISE PRIVATIZATION PROGRAM
DESIGN MEMORANDUM

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Law on the Privatization of State-owned Service, Trade, and Catering Industries, December 13, 1991

Amendments to the Law on the Privatization of State-owned Service, Trade, and Catering Industries, and Implementation Decree, May 21, 1992

Decree # 226 of August 18, 1992, which includes the following:

-Resolution On the Establishment of the Conditions and Order for Privatization of Public and Municipal Property.
-Resolution On the Beginning of the Sale of the Shares of National Joint-Stock Companies.
-Resolution On the Establishment of the Estonian Privatization Company.

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12/13/90

The Law of Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities

The present Law deals with privatization of state-owned service, trade and catering facilities on the territory of Republic of Estonia by way of sell-off, incl. selling the property into joint ownership. The object of privatization as well as its subject (i.e. the person obtaining the property) are defined by the same Law.

§ 1. Object of Privatization

(1) Under the present Law the property of state-owned service, trade and catering facilities will be privatized either as an integral property of the facility or as an integral property - particular structural units of those facilities and their technological objects, provided the statutory-fund value of the property privatized is not in excess of 500 000 roubles.

Resolution of Riigikogu 12/19/91 increases this to 4 mill. roubles

(2) The lists of objects privatized will be compiled by the Department for State-Owned Property of Republic of Estonia (henceforward: Department for State-Owned Property) at the proposal of municipalities of the locality of the said objects as well as at the proposal of Ministries and Departments of Republic of Estonia. The lists of objects privatized will be approved by Government of Republic of Estonia.

(3) Excepted from privatization under the present Law will be

1) land, bowels of the earth, air space over the territory of the republic, inner and territorial waters, coastal shelf, forests and other natural resources, their privatization being stipulated by other Laws of Republic of Estonia;

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2) property belonging to citizens or associations and forcibly alienated post-June 16, 1940 - until the time the issues of returning that property or paying compensation for it are resolved.

& 2. Obtainer of the Property Privatized

(1) Under the present Law the property privatized may be obtained by permanent residents of Estonia with the tenure of residency at least 10 years in all being at least 18 years of age as well as by facilities, set up by the said persons as joint-ownership ventures entered into registers according to legal acts of Republic of Estonia and production and service cooperatives (except the collective farms and facilities-lessees).

(2) Participation in privatization by other citizens living in Republic of Estonia and citizens and organisations of other states will be stipulated by a separate Law.

& 3. Organisational Matters of Privatization

(1) Privatization will be carried out by Department for State-Owned Property in cooperation with local governments.

(1) If solicited by the respective council of local self-government Department for State-Owned Property may grant the preferential right of buying the property to the workers of the facility privatized or to permanent residents of the town, commune or district the property is located at on condition it will subsequently be used to the purpose it was intended for, considering restrictions expounded in Paragraph 2, Section 1 of the present Law. In case the objects service the area wider than that

governed by the grass-roots council of local government, the issue is to be submitted for approval by the district or town council.

(3) Privatization will be public and will take place as either the selling-off of the integral property or the selling of shares. Selling-off of the integral property will be carried out by bidding according to principles of preferential treatment a buying-out as stipulated in Section 2 of the present Paragraph. If solicited by the council of local grass-roots self-government or the district or town council - provided the object being sold-off services the area bigger than that of the territory governed by it the property can be sold-off by way of competition of business ideas.

(4) The size of the starting bid will be fixed by the Department for State-Owned Property, taking as the basis the price calculation ordered from different experts.

(5) In case the property is privatized by way of selling the shares, up to one third of them may be sold to the workers of the facility privatized at preferential terms at the price and on conditions stipulated by Department for State-Owned Property

& 4. Deadline of Hire or Rent Agreement of Property Technologically Dependent on Property Privatized

In case the deadline of hire or rent agreement of property the property privatized depends on (premises, the lot etc.) is less than 5 years, counting from the date the right on property is transferred, the person leasing the state-owned or municipal property must conclude with the new owner of the property a new hire or rent agreement for the term of at least five years.

§ 5. Transfer of Rights of Property on Property Privatized

Right of property on property privatized passes to the buyer by a written agreement concluded between the said buyer and Department for State-Owned Property stipulating:

1) date of transfer of right on property;

2) duties of the buyer as regards the use of the property to the purpose it was meant for within a five-year term, the issues of the above use being resolved by the council of grass-roots local government at the locality of the property or by the district or town council, in case the object services the territory larger than that governed by it;

3) economic agreements concluded by the facility privatized and the rights and obligations going over to the successor;

4) other responsibilities of parties to agreement;

5) liabilities of the parties for violation of the agreement

§ 6. Ending of Work Agreements with Workers of Facility Privatized

The work agreement with workers of facilities privatized or their subunits can be ended by the new owner if he deems it necessary according to the standard procedure used while dissolving an enterprise, unless stipulated otherwise by the agreement mentioned in Paragraph 5 of the present Law. The expenses incurred while ending the work agreement will be met by the Estonian Social Fund.

§ 7. Use of Revenues from Privatization of Property

(1) Revenues from privatization of property will be deposited with the Reserve Fund of Republic of Estonia set up by Government

of Republic of Estonia. Their use will be decided by Supreme Soviet of Republic of Estonia.

(2) Revenues from privatization shall not be used to cover the budget deficit.

Chairman of Supreme Soviet of Republic of Estonia A. Rüütel

December 13, 1990 ?
Tallinn

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5/21/91

L A W of the REPUBLIC OF ESTONIA

AMENDMENTS AND ADDITIONS TO THE LAW OF THE REPUBLIC OF ESTONIA ON PRIVATIZATION OF STATE-OWNED SERVICE, TRADE AND CATERING FACILITIES

1. The following amendments and additions to be entered in the Law of the Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities (RT 1990, no. 22, art. 277):

1.1 In the title of the Law the words "... service, trade and catering ..." to be substituted by "... and municipal...".

1.2 In the first sentence of the preamble, add the words "... and municipal..." to the words "... state-owned..." and, in the same sentence, substitute the words "... service, trade and catering..." by the word "... facilities ...".

1.3 Make amendments to Articles 1, 2 and 3, so that they shall read as follows:

Article 1. Object of Privatization

(1) Under the present Law the property of state-owned and municipal facilities will be privatized either as an integral property of the facility or as an integral property - particular structural units of those facilities and their technological objects, unless privatization of the said property has not been provided by other laws and on condition that the statutory fund value of the property privatized does not exceed 6 million rouble

(2) Lists of the state-owned objects to be privatized will be compiled by the State Property Board of the Republic of Estonia (hereinafter: State Property Board) according to proposals by local self-governments or Ministry of the Republic of Estonia. The lists will be confirmed according to the order set forth by the Government.

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Municipal objects to be privatized, the dividing of these objects into integral property and privatization deadlines, if not fixed before, shall be determined by local self-governments and confirmed by a respective council.

(3) The property as defined in Section 1 of this Article and, prior to June 16, 1940, belonging to citizens or associations, after which it was forcibly alienated, shall be privatized under the present Law if the property reform legal subject has not placed a claim for restitution of the said property or has notified, in writing, about giving up such a claim.

Article 2. Possessor of the Privatized Property

Under the present Law the property privatized may be obtained by any person at least 18 years of age or by a stock company or another economic association formed by unifying private assets and not by dividing the property of a former legal body, and registered in the Republic of Estonia.

Article 3. Arrangement of Privatization

(1) Privatization of state-owned property will be arranged by the State Property Board and of municipal property - by the local self-government.

Those in charge of privatization will have the right to arrange auctions of the property on additional terms to be fixed in the sales contract.

The arrangement of privatization can be imposed on the second level local authorities by the State Property Board (of state-owned property).

(2) Privatizing is to be implemented in the form of open sale of the entity or stocks.

Selling-off of the integral property or the selling of shares will be carried out by bidding. If several persons participate in the bidding, the preferential rights for buying the property shall be given to employees or workers of the enterprise or structural part of the enterprise whose assets are being privatized, to retired former employees or workers, or to a user of the property on the basis of a contract, if they agree to ~~by~~ buy the property at the price of the last bidding. The organizer of privatization has the right to sell the shares also in the stock market according to the stock-market rules.

(3) If there is competition for buying the property at the price mentioned in Section 2 of this Article, between persons having preferential rights, bidding will continue between these persons until the buyer will be clear.

(4) If there is only one candidate at auction, the organizer can sell the property at the initial price.

(5) The initial price of the property to be privatized will be determined by the organizer of privatization on the basis of the calculation ordered from different experts.

(6) Under the present Law restitution vouchers and popular capital vouchers can be used for buying property to be privatized, applying privileges according to the Law of the Republic of Estonia on the Bases of the Property Reform and other regulations base on this law.

1.4 In Article 5 the words " ... State Property Board..." to be substituted by the words " ... organizer of privatization...

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2. The present Law shall be valid from the day of its adoptio The amendments and additions of this Law will not be applied to the objects the privatization of which, according to the Law of th Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities, was made public in the press before the present Law became effective.

Chairman of the Supreme Council,
Republic of Estonia A. Rüütel

May 21, 1992
Tallinn

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DRAFT UNOFFICIAL TRANSLATION

The Resolution of the Supreme Soviet

of the Estonian Republic

Of the beginning of the sale of the shares of

national joint-stock companies

1. To permit the Government of the Estonian Republic to begin the sale of shares of the national joint-stock on following conditions and order:

(1) 50 percent of shares of the share capital fixed in the statute of the joint-stock company can be sold in respect of the joint-stock companies of the first type, and up to 100 percent in respect of the companies of the second type;

(2) the organization nominated by the Estonian Government arranges the sale at auction or Beurce by the beurce rules concluding a contract of conducting of sale with the auctioneer or bource;

(3) in the first round of sale one buyer is offered jointly 51-100 percent of share holding of the joint-stock company in the absence of such buyer the share holding as well as the rest of the shares will be sold in smaller holdings or in singles in the second round;

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(4) the organizer of the sale of the shares is bound to sell all shares of certain part of joint-stock companies on conditions [missing];

(5) the organizer has the right to sell the shares at auction with secondary conditions ensuing from the contracts of the enterprise under privatization, while the obligation to fulfill those secondary conditions will be fixed in the contract of sale;

(6) each share sold grants one vote at the general meeting of shareholders and brings dividends on equal terms;

(7) no price concessions are applied at the sale of shares.

Chairman of the Supreme Soviet

of the Estonian Republic A. Rüütel

Tallinn, June 1992

Introduced by the Government

of the Estonian Republic

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DRAFT UNOFFICIAL TRANSLATION

June 1992

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DRAFT UNOFFICIAL TRANSLATION

THE RESOLUTION

of the Supreme Soviet of Estonian Republic

"On the Establishment of the Conditions and Order for

Privatization of Public and Municipal Property"

The Supreme Soviet of Estonian Republic has passed the resolution

1. To establish the added herein "Conditions and order for privatization of the public and municipal property".

2. To establish that the Estonian Government is entitled to transfer into private ownership during 1992 up to 30 enterprises with balance funds over 600,000 Estonian kroons, before issuing the securities of compensation for the unlawfully alienated property and national capital bonds.

3. The Estonian Government has to guarantee the elaboration of the normative laws regulating the privatization proceeding from the conditions and order referred to in paragraph 1 and to begin with the privatization of enterprises as mentioned in clause 2.

The Chairman of the Supreme Soviet

of the Estonian Republic A. Rüütel

Tallinn, ... 1992

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DRAFT UNOFFICIAL TRANSLATION

Confirmed
by the Resolution of the Supreme
Soviet of Estonian Republic

"....." August 18, 1992

The Order and conditions of the privatization of

the public and municipal property.

I. General Principles

1. The present order regulates the privatization of public and municipal property according to the "Law of the principles of ownership reform" of Estonian Republic (hereinafter "Principles" if the balance value of the object under privatization is over 600,000 Estonian kroons.

2. The property is transferred into private ownership for the securities for compensation, national capital bonds and cash.

3. Persons, not legally subject to paragraph 29 of the "Law of Land Reform" of Estonian Republic, have, concurrent with the privately owned property, the right to rent the land or any other possibility of using it as well as to legally registered license to exploit natural resources and environment according to the order established by Estonian Government.

4. Persons, legally subject to paragraph 21 of the "Law of Land Reform" of Estonian Republic, have, in addition to the right, mentioned in paragraph 3, to obtain private

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ownership to the foundation of the buildings and the land necessary for tending them in accordance of the normative laws of Estonian Republic.

5. The transactions for obtaining immovable property by foreigners according to the "Law of Foreign Investments" of Estonian Republic, should be attested by notary. The violation of this requirement will involve the invalidation of the transaction.

6. Until the formation of the registry of immovable property the right to ownership will be established by the date entered in the contract of purchase.

7. The privatization of public or municipal property should be registered in writing.

II. The Object of Privatization

8. In accordance with the present order the object of privatization can be:

(1) integral property of the enterprise;

(2) integral property of the structural unit of the enterprise;

(3) shares of the enterprise;

(4) on liquidation of the enterprise, other basic funds or circulating funds.

9. The objects of privatization are confirmed by:

(1) in respect of municipal property on the proposal of local executive administrative organ of the corresponding council;

(2) in respect of public property the Council of Treasury of the Estonian Republic (State Property Board)

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(3) on the proposal of local government of the district or municipality or ministry in control of the object subject to privatization. Before determination of privatization the Council of Treasury has to [missing]

10. The proposal referred to in paragraph 9 should contain:

(1) the name and location of the property subject to privatization;

(2) the holder of the said property;

(3) the balance value of the said property;

(4) the registration number of object in the enterprise registry of Estonian Republic;

(5) the motivation of privatization.

11. After determination of privatization (Clause 9 of the present order) the holder of the property has no right to reduce the property subject to privatization or change basic funds without the consent of the organizers of privatization (clause 15 of the present order).

12. The responsibility for the work and retention of the property subject to privatization until the transference of it to the new owner, lies with the enterprise to whose balance the names property belongs.

III. Organization of Privatization

13. The privatization of the property is arranged by organizer represented by

(1) the bank of Estonia in respect of the public property

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(2) in respect of other public property organization appointed by the Government of Republic

(3) by borough, parish, town or district administration in respect of municipal property.

14. In accordance with present order the privatization can be executed by selling the property (among this shares) by auction or selling shares by Bource rules. The organizer of privatization has the right to set secondary conditions at the auction (in respect of providing with and constituting new jobs, investments, protection of environment, the role of property sold to foreign investigator, financial guarantees on the part of the buyer to pay installments, etc.) for the fulfillment of which legal sanctions are foreseen.

15. In the course of privatization the organizer is liable to provide the information according to the form established Estonian Government for each object of privatization and dispose it to investors; and the revaluation of the property subject to privatization.

The information and the results of the revaluation, the dates of privatization and secondary conditions referred to in clause 14, will be published according to the order established by Estonian Government.

16. The enterprise holding the property under privatization is liable to provide information concerning the object of privatization at stated time. The disposer is responsible for the correctness of the information.

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17. The property subject to privatization will be revalued on the basis of methods established by the Treasury Council of Estonian Republic.

18. For participation in the auction, the potential buyer is obligated to present the organizer of the auction with a written application according to the requirements established by Estonian Government, declaring his agreement with the original price and secondary conditions referred to in clause 15, with the information regarding his economic activities, his solvency and proposals concerning following secondary conditions (if any) set by the organizer of privatization (and the extent of their realization).

- providing with and constituting new jobs;
- the amount of investigations;
- protection of environment;
- guarantees for paying by installments (in case the buyer applies for the payment on installment basis).

On agreement with the aforesaid secondary conditions and taking them into account, the organizer of the auction carries out preliminary negotiations with the participants of the auction.

19. At the preliminary negotiations mentioned in clause 19, the persons will be elected who agree with in the case of the accomplishment of secondary conditions, to participate in the public auction. Those persons should present the organizer of the privatization with a written agreement for the participation in the auction. At the

public auction the right of purchase will be obtained by the person nominating the highest price among in the case of other equal conditions.

20. The organizer of privatization has the right to sell property (among this shares) for the price proposed by purchaser even if there was only one participant in the auction or only one competitor remained in the course of preliminary negotiations who will be then the titled subject of the privatization and agrees with the secondary conditions established in clause 14 of the present order.

21. The procedure of the public auction will be established by the estonian Government.

IV. Privatization of the property on installment basis

22. According to present order the property is sold on installment basis to the physical person permanently residing in Estonia or to the judicial persons registered in Estonia and considered the rightful subject of the privatization, according to their written application on condition that the selling price of the property (shares) is more than 10,000 LLK.

23. According to present order the installment paying system will be employed in following conditions of privatization;

(1) the selling price of the property should be paid at least in the course of 10 years;

(2) before concluding the sale and purchase contract at least 20 percent of the selling price of the property should be paid in advance;

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(3) the amount of succeeding installments and the terms of payment will be determined by the organizer of privatization; the payment should be effected at least twice a year;

(4) the amount unpaid after the conclusion of the sale purchase contract has an annual increase of 5 percent and every quarter of the year inflation coefficient will be added;

(5) the fine for overdue installment pay (beginning from the second installment) will be 0.1 percent of the amount of the installment for each day overdue, starting from the first working day succeeding the date of payment;

(6) if the preceding installment together with fine remains unpaid on the date of the next installment or in case of constant violation of the terms by the buyer, the organizer of the privatization has the right to take legal proceedings against the buyer and demand the forced sale of the property.

24. The seller has the right to demand the legal termination of the sale purchase contract in case of nonfulfillment by the buyer financial oar other guarantees, mentioned in clause 14, within the extent of unpaid amount of the installment.

V. Final Provisions

25. The organizer of the privatization is liable to give information about the sale purchase transaction according to the order established by Estonian Government.

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26. The money received from privatization subtracting the cost of the sale, will be paid, in respect of pubic property to the special account of the Estonian Government, and in respect of municipal property, to the special account of the local administration. Fifty percent of the proceeds paid to special accounts will be transferred to compensate for unlawfully alienated property; 20 percent of the money, paid to special account of the local administration, will remain at the disposal of local administration and 10 percent remains in the control of the Government of the Republic.

27. Until the establishment of Estonian immovable property register and the employment of it, the organizer of the privatization will keep account and register the transactions made in the course of privatization and retain the corresponding records.

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DRAFT UNOFFICIAL TRANSLATION

RESOLUTION

Of the Supreme Soviet of

the Estonian Republic

On the Establishment of the

Privatization Enterprise

The Supreme Soviet of the Estonian Republic resolves:

To allow the Government of the Republic to establish the state enterprise "Estonian Privatization Enterprise" for the privatization of the public property.

The Chairman

of the Supreme Soviet

of the Estonian Republic A. Rüütel

Tallinn, August 13, 1992

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SECTION II - ADMINISTRATIVE AND STRUCTURAL ISSUES
HOUSING PRIVATIZATION

REPORT ON ADMINISTRATIVE STRUCTURE OF

HOUSING VOUCHER PROGRAM

This document describes the Deloitte & Touche Consortium's findings and recommendations concerning the administrative structure of the Housing Voucher Program for the general population of Estonia. Some of these recommendations have been presented already in the program design strategy paper and poiicy memorandum for the Housing Voucher Program.

The information in this document comes from interviews and investigation conducted by a team from the Deloitte & Touche Consortium working in Estonia during the period June 15 - August 30, 1992. Our investigations and this report focus on the administrative structure of that portion of the program which is concerned with distributing blank application forms to Estonian residents and collecting and verifying the information presented by applicants. The D&T team did not focus closely on the administrative issues that arise from the process of establishing computerized accounts and tracking voucher use and disposition. These issues are covered by our reports concerning the design and implementation of the Automated Voucher System.

1. Administrative Overview

Beginning in June 1991, with passage of the Law on the Principles of Property Reform, the Government of Estonia has been developing the concept of transferring ownership of state-owned housing to private citizens. The Government's objectives in effecting such a transfer are threefold:

1. Encourage home ownership and create normal market conditions for housing, with rents and housing prices reflecting real economic conditions and wage levels. This will give residents greater freedom of choice with respect to their housing conditions and location.

2. Provide recompense for the years of low wages paid under Soviet rule.

3. Remove housing from the administrative and financial responsibility of the Government.

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In general, permanent residents of Estonia as of January 1, 1992 have the right to apply for housing vouchers which will be distributed free of charge. Each individual will receive one voucher for each year that he or she has worked as well as for a number of other activities, including but not limited to time spent studying, caring for infants or the elderly, and time spent in prison if the individual has been rehabilitated. Each voucher will have a value equivalent to one "standard" square meter of housing space (as defined by the National Housing Board). These vouchers can then be used to purchase the home in which an individual currently lives, or to purchase vacant housing space, or can be converted to popular capital obligations to acquire ownership of other assets that are being privatized by the Government of Estonia, such as large enterprises. (The details of the conversion to popular capital obligations have not yet been worked out.) The vouchers can be used for housing purchases until April 1, 1997.

Over the last eighteen months, the planned administrative structure of the housing voucher program has become more decentralized, relying heavily on small local housing offices spread across the country. In the administrative recommendations, the D&T team has been sensitive to this increasing decentralization; however, one must bear in mind that at the time the team began its inquiries, the government was planning a far more centralized program, controlled from the center by the Estonian State Computing Center (SCC). At present, the SCC will not play such a central role in terms of administration, but it will remain the central repository for information concerning the program.

2. Computerization

Computerization of the housing voucher program is described in greater detail in other sections of this report. However, in its basic form, housing vouchers will not be distributed as physical instruments, but rather maintained in computerized accounts for each voucher holder by the Estonian State Computing Center. These accounts will function much like bank accounts do in the United States, with statements of voucher accumulation to be sent to voucher holders. When an individual voucher holder wishes to use his or her vouchers to purchase housing, the appropriate amount of vouchers needed will be determined by a valuation of the desired housing unit. Then the appropriate amount of vouchers will be deducted from the voucher holder's computerized account. Due to the computerization of the program, the heaviest administrative burdens will be felt in the initial data collection and assignation of

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voucher benefits to individuals. Statement production and mailing will not be as administratively complicated or demanding. The overall computerized system is called the Automated Voucher System and is currently being developed by the Estonian State Computing Center and the Deloitte & Touche consortium team.

3. The Voucher Application Process

Participant Institutions

The National Housing Board has designed and will distribute voucher application cards to local government offices (Maakonds) across Estonia. These Maakonds, in turn will distribute the voucher application cards to local housing offices for distribution to the residents in each locality. Residents will collect information from a number of other public offices and institutions to complete their applications and will then return completed applications to the issuing local housing office. The other institutions involved are personnel offices in state-owned enterprises, social care offices that handle retired residents, universities, military offices, hospitals, and others.

In general, the administrative structure of the program relies heavily on already-existing organizations within the federal and local government.

1. Voucher Distribution.

   Will be accomplished via local housing offices

2. Provision of Basic Information for Application.

   Will come in large part from records kept on Estonian citizens (their workbooks) which are held in personnel offices of enterprises or by social care offices for retired people.

3. Certification of Data.

   Will be done by a variety of institutions -- Universities, hospitals, armed forces offices, social care offices, etc.

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4. Collection, tracking, and control of voucher program.

Will be undertaken by the local housing offices with computers, local government entities with computers and the Estonian State Computing Center.

According to the current design of the Housing Voucher Program, the main link between the general public and the Government of Estonia is local housing offices, thousands of which exist in Estonia and which maintain records and serve as payment centers for individuals living in state-owned housing units.

When the Deloitte & Touche team began its investigations, the Government of Estonia was developing a centralized system. However, the team interviewed officials at local housing offices and other institutions which are intended to participate in various aspects of the housing voucher program (such as personnel offices). These offices were mainly located in and around Tallinn, and the team met with them to assess their overall readiness to participate in the housing voucher program. The visit reports for these offices are attached as (?????). In general, our overall findings are the following:

1. Staff:

Several of the participant institutions immediately stated that in order to undertake their portion of the housing voucher program, they would need more staff. However, they also were concerned that getting funding for new staff might be problematic. Local housing offices especially seem to be utilizing all available staff resources already and have expressed serious concerns about their ability to handle additional work without additional personnel.

2. Information Requirements:

Local housing offices felt that the information required from them in order to issue the voucher application was not a serious burden. The majority of the information was readily available or easily accessed. On the other hand, participant institutions that have to provide or verify information for applicants filling in application forms have expressed concern that the required information would be difficult to find and that the process would be time consuming and wasteful of scarce resources.

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3. Understanding of Process:

Generally, participant institutions lack clear, comprehensive, and consistent information concerning the overall process and their specific role within it. In several cases, local housing office representatives told the D&T team that they would not take any action to begin the housing voucher application process until they received better instructions. The lack of clear communication of roles and responsibilities has also created the impression in some local housing offices and other institutions that this program is not a top priority and that it can be put off for more pressing activities.

Application Process

In order to get a voucher application card, an individual must appear in person at the local housing office in his or her locality. At that time, the individual must present his or her identification and an official of the local housing office will enter the following information on the card:

1. Name
2. Date of Residence in Estonia
3. Sex
4. Year of Birth
5. Year of Death [if applicable]
6. Number of Children
7. Personal Registry Code Number

The information is verified and an application card registration number is issued which uniquely identifies the individual's housing claim. Those local housing offices that have computers will enter the above information directly in to the Automated Voucher System which will establish a computerized account. Those offices without computers will forward the information to a local government office which will then enter it into the Automated Voucher System. In the event that the local government office is unable to fulfill this role (due to lack of computers or staff) the information will be forwarded to the Estonian State Computing Center for input into the system.

Once an applicant has received a registered application form, he or she can begin to collect information concerning his or her length of service in the variety of categories

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listed on the card -- these include such things as length of time in the Soviet Army, years worked, period of time unemployed or in university, years in jail or exile, etc. The majority of this information will come from "workbooks" held by each Estonian resident which are a record of a person's entire work history by occupation. For the working population, individual workbooks are held in the personnel offices of employers. For retired persons, workbooks are held by local "Social Care" offices that also administer pensions and respond to other needs of the retired population. For certain types of information not certifiable from entries in the workbook (such as time spent in the military or at university) additional certification is required. For example, to certify time spent in university, an applicant must present a letter stating the period of attendance from an official of the university in question.

Upon completion of all certifications, the applicant returns the completed application form to the local housing office that originally issued it. The local housing office verifies the information and assigns the correct number of voucher years or points. If the local housing office has computers that are linked to the Automated Voucher System housed in the State Computing Center, then the information is transferred directly. However, if the local housing office is not computerized, a hard copy of the application form is sent to either computerized local government centers or directly to the State Computing Center for input into the Automated Voucher System.

4. Recommendations Concerning Process

The Estonian Government has signalled housing privatization as one of its top priorities with respect to the overall privatization program. However, the number of institutions involved and the physical complexity of the application contribute to a potentially unwieldy implementation of the housing privatization program. Based on our investigations, we would recommend that the Estonian Government undertake the following steps:

1. Formalize and publicize the relationships between all of the various institutions taking part in the housing voucher programs.

2. Develop and implement a clear and concise communication plan to inform local housing offices and other participant institutions about their roles and responsibilities and the overall importance of the housing voucher program.

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3. Develop an implementation plan for using county-local housing offices as control points for acceptance and evaluation of voucher applications instead of centralizing this process at the State Computing Center. To some extent, this has already happened, however, it has been *ad hoc* and based on the current computer capacity of the local housing offices. The implementation plan should consider a least the following questions:

Generally:

- Which sites are currently automated and which are not?

- What is the expected volume of data for each site?

- How much time will each part of the process take? (distributing the form, accepting the completed form, verifying data, answering applicants' questions)

- What is the level of staffing at each location and is this sufficient for the expected volume of data and the consequent time requirements?

- Is it possible to automate additional sites?

For Automated Sites

- For those automated sites, does sufficient equipment exist to handle volume?

- Who will install the software and verify correct operation?

- What will be the schedule of automation?

- Which sites will be automated, in which order and why?

- Who will be responsible for the mechanical operation of the system at each site?

- How often and in what manner will data from automated sites be

submitted to the State Computing Center?

- What procedures exist for correction of errors in data entry?

For Non-automated Sites

- Where will data be sent for automation? (To other housing offices with computers?, to the Local Governments?, directly to the SCC?)

- In what format will data be sent? (will it be compiled or processed in any way by the non-automated sites?)

- What are the review procedures to ensure that non-automated data is error free before it is forwarded to an automated site for processing?

- What procedures exist for correcting errors discovered at the automated processing site? (will the form be returned to its originating office, will a query be sent, will a representative telephone the originating office?)

4. Maintain notices concerning accumulation and balance of housing vouchers for each individual in the local housing offices instead of mailing notices to individuals. We recommend this procedure because we have been told that accurate and comprehensive address lists are not available and the possibility of misdirected notices is high in some areas.

5. Develop a periodic review procedure to ensure that local housing offices are uniformly implementing the program and are not encountering major problems. This review procedure might take the form of a standard questionnaire or a telephone survey of each local housing office to be conducted bi-monthly. A standard review procedure will also function as an important information link between the center and the local offices.

5. <u>Forms</u>

A detailed discussion of recommendations and design of appropriate forms for the housing voucher program is contained in the Requirements Assessment for the Automated Voucher System. In general terms, the D&T team recommendations to the Government center on simplifying the voucher application form and simplifying

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the certification of data contained therein.

1. After discussion with officials from the State Property Board and the State Computing Center, the team has withdrawn its preliminary recommendation to input data into the computerized system by using scanners. The major reason for not using a scanner is financial. Given the volume of information, several scanners in addition to the one at the State Computing Center would need to be purchased if scanning is to be done at all. Staff at the SCC would have to invest time to learn to use the scanner and to install scanning software. Since each scanner costs approximately $1500, software costs approximately $1200 copy, and use of scanners would require redesigning and reprinting voucher application forms, the entire endeavor outstrips the budget of the State Computing Center. In addition, it would be a better allocation of resources for the State Computing Center to purchase computers for data entry which could be used for other purposes once the housing voucher program is concluded.

2. Certification of Data. In order to verify claims for time spent not working (e.g., going to university, raising children, etc.) housing voucher applicants are required to present certifications from a variety of different sources. For example, with respect to certifying time spent in university, producing individual certifications for each applicant is a very time consuming process for the university that wastes scarce resources, disrupts the university offices, and causes bottlenecks in the application process. The D&T team recommends that for each non-work activity that requires certification, a standard certification form be developed and distributed to housing voucher applicants who need them.

3. In official records and workbooks, time spent working is entered by the calendar date that employment commences and the calendar date that employment ceases. However, on the voucher application forms, time spent working is to be entered in total work days per job. The D&T Team has recommended that the voucher application form be redesigned to require data on time spent working to be entered as calendar date of commencement and calendar date of cessation. The conversion to work days could be accomplished by the computerized program for processing and tracking the vouchers.

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6. Staffing Needs and Costs

As mentioned above, the institutions that will take part in the housing voucher program will need additional staff, if only on a temporary basis, to handle the flow of inquiries, process applications, and keep records.

Since new and/or temporary employees hired to handle the workload generated by implementing the housing voucher program will be Estonian Government employees, the D&T team recommends that the Government simply use its standard pay-scale. Funds to hire additional staff could be obtained from the proceeds generated by the small, medium, and industrial privatization programs of the State Property Board.

During the period in which the team undertook its investigations, the Estonian Government had not finalized the administrative details of the housing voucher program to a sufficient extent to allow the team to make an in-depth analysis of the staffing needs and costs which the program would generate. However, the D&T team has recommended a course of action which will allow the Estonian Government to determine the staffing needs and costs when these details are finalized.

The D&T team general recommendations are as follows:

1. The team recommends that as details are finalized, and initial processing begins to take place, the State Housing Board conduct a rapid assessment of the time requirements for processing housing vouchers from beginning to end. In doing so, the following questions should be answered:

   Local Housing Offices:

   - How much time does it take a local housing officer to register an applicant and hand out an empty voucher application form?

   - Once a completed form is returned, how much time does it take for the local housing office to review the form, process the data, and forward the results (either electronically or in paper form) to the State Computing Center?

   - How many forms will be handled by each local housing office?

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- What is the total time allotted to local housing offices to complete their portion of the voucher application process?

Based on a comparison of available staff with time requirements as determined above, it should be possible for the Estonian Government to determine where its staffing needs are most urgent and where, if any, there is a temporary surplus in staff who could be redeployed to higher-activity offices.

State Computing Center

- What proportion of voucher applications will be transmitted electronically and in paper form from the local housing offices and local and regional governments?

- How long does it take the staff of the State Computing Center to receive, and process a voucher application -- both in electronic and original paper form?

- What is the total time allotted to the State Computing Center to establish voucher accounts and notify individual voucher holders?

Again, based on a comparison of these time requirements with available staff at the State Computing Center, the Estonian Government will be able to approximate its staffing needs.

2. As mentioned above, the team recommends that the costs of these staffing additions be covered by a percentage of the proceeds from the general privatization programs of the Government instead of being covered as an item in the overall budget for the country.

7. Conclusion

The Housing Voucher Program of the Government of Estonia, when fully implemented, will involve a host of government and non-governmental institutions, ministries, agencies and the like and will reach approximately two-thirds of the adult population. Perhaps most important to the smooth execution of the overall program will be clear definitions of roles and responsibilities between organizations and clear

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and continuous communication between the central command and the peripheral institutions such as the local housing offices. The Government of Estonia has made several steps toward improving communications, for example, recent seminars on the overall housing voucher program held in Tallinn for representatives of local housing offices. Such steps should be continued. The D&T team recommendations concerning the overall administrative structure of the program underline this point, and provide a framework for more clearly defining the functions of each of the entities involved.

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APPENDIX TO REPORT ON ADMINISTRATIVE STRUCTURE

DOCUMENTS

Interview Reports from visits to local housing offices

Other supporting documents are listed in the Documents Appendix for the Housing Privatization Memoranda above

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Interview with Mustame office
September 3, 1992
James Folino

Tom Balderston and I interviewed a local housing office in the Mustame district bordering Tallinn. We met with a computer specialist and the woman in charge of the personel office. They were very helpful and friendly.

1. Computers
They have 6 computers, 1 386, 2 286, 3 below 286-class
There is one copy of Foxpro on the 386. An impressive line printer is connected to the PCs. 10 to 15 of the staff are compotent on the PCs.

2 Residents
There are 50,000 people in the district. This figure includes people in co-operatives and enterprize housing. There are actually 19,000 renting from the State. The number living in rented apartments is higher, only 1 person in each family rents. Not all will get cards, must have been resident of Estonia for the last five years.

3 Staff
They have 340 staff in the office. 8 people process data on the 50,000 residents by hand(they are putting information on residents into computer?). There are 4 other offices which are subordinate in the region, this is where the actual files are kept. Hours are 8-5, Monday through Friday. The manager has open hours twice a week.

4 Decree
I asked if they understood their role as specified in the housing decree. They explained only the management has read the decree. I asked if they would process cards without further instructions. They said that the decree states that they are to await further instructions. They will not take it seriously now as they expect admendments with changes.

5 Voucher process
I asked if they will have truble filling in the ID section nof the voucher cards. They recieved the cards only yesterday and have not had time to study them. They do not anticipate difficulity-they have been asked to do similar tasks in the past. They are always producing lists, so do not expect trouble sending info to SCC once a month.

I asked how long it would take to complete a card for each person. They say no more than several minutes because they have files already for residents. They expect there would be a line initially with the first rush of applicants.

I asked if they would be able to send reports, cards or disks to SCC. They saw no trouble. They are discussing in what form information is to be sent to SCC.

They will dedicate as many staff as neccessaru to fill in the ID section of the cards. They will have to be filled in by

hand as population registration does not exist yet. They did not know card will return to them after years filled in. They will need folders. have only 1 card per person now.

6 Problems
They would like more computers, existing machines are already occupued with calculating rents and salaries. When I explained SCC would send data input program they asked for a date and seemed concerned that it would tie up a machine.

It is difficult for them to point out problem areas. Sufficient time must be allocated to complete each card.

Interview with Municipal Property Office of Tallinn
September 4, 1992
James Folino

Tom Balderston and I interviewed Ms. Tihhomirova, department head of the office which oversees local offices in Tallinn. They are one level above the local property offices and a level below the national office. Her office does not actual manage housing nor will they distribute cards directly to residents. We spoke to her at the suggestion of Ms. Sepp at the National Housing Board.

Computers
They have 5 computers on which 8 to 10 of her staff are competent. She is not sure as to computer equipment in the local offices.

Residents
She overseas 4 districts plus 1 town and 1 settlement. Each has a local office for distributing voucher cards which she will pass on to them. These districts account for 350,000 people.

Staff
She has 28 staff working for her. They are now considering the number of staff that will need for issuing the voucher cards. They are aiming for 1 person for every 10,000 residents. They are also considering how to finance hiring people. She mentioned monies from other privatization programs. Their second meeting on these matters is today, Monday they will discuss it with the Tallinn city council.

Decree
I asked if they understood the housing decree. She said people hired to fill in the cards will attend seminars. Mr. Hänni is their contact in the government. They also know Kaljussma. She attended the seminar on use of the cards on August 25 run by Mr. Arma. I asked if she thinks further decrees will be neccessary before issuing the cards. She said no, probably not. The city will state conditions for valuation, for example, coefficients for valuing housing and for zones, and preferred housing. The municipality can set limits on prices for housing, for example, no unit is to valued at less than 100 Estonian krones. There may be discriminatory pricing, for example, prices might be lower for families with young children. She mentioned a special housing fund which will be used to grant loans for housing purchase.

Voucher process
One interesting note-they have the vouchers cards in Russian, she gave us copies. This solves an anticipated translation problem. She expects it will take up to 2 months to issue, complete and return voucher cards and to actually purchase housing. People know the cards are available, they are already coming in to get them. They will advertise in the newspapers about where to get cards, where to return them etc. Technology office in each local housing office selects a person to value housing. The district office approves the choice. The valuer does not actually visit housing, he sets values on the basis of housing plans which tell him dimen-

sions, etc. The process is as follows. actual size in square meters * coefficient = standard meters. Then, standard meters * price/standard square meter = purchase price.

Problems

She feels that information is available for years worked, workers have workbooks, the neccessary papers exist for people on pensions. Dealing with housing that has been destroyed is a problem, this is now being considered. Value of agricultural vouchers has not yet been determined and so will be a bottleneck.

Interview with Kadrioru district local housing office
September 8, 1992
James Folino

Tom Balderston and I interviewed a Mr. Tüvi in the Kadrioru district in Tallinn. This district was once very nice with parks and private homes. It has since occupation become run-down but the old wooden houses remain. As a result, unlike much of Tallinn, there are few of the Soviet-style apartment buildings. Mr. Tüvi claims that the majority of restitution claims are in his district for these wooden houses.

Computers
They have 4 computers, all 286-class. He is not aware of the foxpro or clipper software packages.

Residents
There are 30,000 residents in the district. Of that number there are files for 10,000 tenants which pay rent (head of household). There is a region of private homes, most of which are owned by institutions.

Staff
They have 5 departments. Their primary function is maintaining the property. They report to the district government and indirectly to the city municipality. They might employ as many as 500 people in the winter. Many more staff are required to maintain heating systems during the winter, they might employ as few as 300 in the summer. Of this number, 50 to 60 are clerks. The office is open to the public 4 hours per week for the director, 5 hours per week for assistants.

Decree
They understand the decree in theory but are unsure in practice as they have not filled in cards yet. Their most pressing question, who is to pay for their filling in voucher cards? They have other work and will definitely need to hire people to complete the voucher cards. He said he cannot even imagine how the process will work. One of his staff attended a meeting organized by the Tallinn municipality meant as a preliminary discussion on how to fill in the voucher cards. Tüvi does not consider the housing voucher program a "vital interest", it clearly is not a top priority. It would become a vital interest if he received financing for the work.

There only source of income is rent and they can not recover costs for new staff or equipment from rent income. Currently they have uncollected rent totalling 2 million Estonian Krones. People simply don't pay rent. Although the office can evict those whose rent is due after 3 months, the office is reluctant to do so because of the unrest it would cause. The magnitude of uncollected rent is unprecedented and results from the rapid increase in prices in Estonia. Mr. Tüvi explained that people are not in a position to pay. However, his costs continue to rise especially the cost of heating.

Voucher process
I asked if they will have problems filling in the voucher cards. He said he could not answer, that he would know in 1

Interview with Oisnae district local housing office
September 10, 1992
James Folino

I interviewed Mr. Koppel, director of the local housing office in the Oisnae district in Tallinn. We have met with him before as he was on the committee that developed the recently passed housing decrees. He has obviously thought about the voucher process and, unlike most of the people I've spoken to, has enough information to form insightful opinions. We should continue to speak with him, he seems knowledgeable about each phase of the housing privatization process.

Testing
He will be at the meeting Monday which Rasmann is organizing as a working group. I asked him about an Estonian newspaper article which speaks of an experiment to be conducted under his supervision. He explained that there is a proposal to test the voucher process for 4 apartments in each housing district in Tallinn. The Tallinn city council will decide if the testing will be done at a meeting tomorrow. If approval is granted he opens to start the process for privatizing 4 apartments next week. They will start with issuing the voucher cards and finish by actually transferring deeds for the housing to the new owners. He hopes the testing can be finished in as little as a month. Clearly, D&T should gather the results of his testing. There is no sense in testing the voucher cards ourselves if this is to be done at the local level. However, we could work with, Koppel for example, to consider the problems that arise while testing.

Koppel feels the test will help fill in some holes in the voucher process. For example, deciding on how to value housing and the coefficients for doing so have not yet been issued by the Tallinn city council. He is waiting on input forms and registration numbers from the SCC before he begins testing. He said only 1% of the population has personnel codes so far but that this will not delay issuing the cards.

They will use 4 apartments because 3 people are required to from a homeowners association which will be responsible for maintaining the property after it is privatized. I think is along the lines of a condominium in the U.S. People decide what the rent will be (he is referring to a condo. fee), will select people to maintain the apartments, etc. The rent currently being collected only covers maintenance costs. So after privatization people will continue to pay the same amount, and in fact it will the amount will probably increase. It will be specified that the amount is to cover maintenance costs.

Residents and Staff
Koppel said filing in the cards for his district will be no problem. They have the information needed to fill the top of the card. He said also that it can done at an acceptable pace in his district. He felt that it could be done in all of Estonia in a reasonable time but that because of recent reorganizations there might be difficulties in Tallinn. He has 7 staff to fill in cards and has just hired 2 more. They will

fill in the top section of the cards in advance before issuing them. He plans to issue all of his cards by January 1.

Decree
Koppel explained that the committee on privatization has principally accepted the decisions of the government as issued in the housing decrees. However, he feels the decrees produced (225 and 226) so far might still need work, the testing will help determine if they need revision. He said the laws have not covered everything, there are still issues to be decided. I asked if new decrees elaborating on the first two might be issued with more detailed instructions or if instead the original decrees will be changed. He said they will provide details but after observing how the various offices perform their tasks the laws might have to be changed. Clearly, although the decrees have been passed there is still room to suggest changes in the process. The results of testing in each district will be passed onto the Minister of Building who will issue a report which would be the basis for changes in the law.

Voucher process
He sees no problems with the first step, filling in the top section of the voucher card. The rest of the process must be simplified. One area that will have to be changed; the use of notary publics which are required, for example, to approve transfer of years worked. Koppel claims notary publics are practically nonexistent in Estonia, requiring them to notarize documents will really slow things down. Apparently a proposal is under way to create new organizations or substructures to handle privatization of housing. This is the approach of the Treuhand. Mr. Koppel while agreeing that it is a good approach for privatizing firms feels it is a bad approach for housing. He feels it will generate confusion as offices and people try to sort out who is in charge. He thinks the organizations in place now will work fine.

Problems
Mr. Koppel's see filling in years worked as the major problem. Particularly filling in years of non-work activity. The employer can not fill in these years which means filling in years work will not be a one-step process. He thinks it will be burdensome for people to go to obtain certificates proving education, military service and the like. For example, certain military offices no longer exist. He said every person will have non-work activities and therefore will need to collect certificates.
I asked if social care offices would be a bottleneck. He said clearly.
He considers the housing privatization process much too complicated. He explained that Lithuania is using a much simpler method and as a result has already privatized 80% of their housing. He said there is a fear that the whole process will fail. He will use the testing to identify other problem areas.
In terms of actual purchase of housing, he does not see difficulty in 80% of the cases. However, for the other 20% he sees two problems. First, for old housing, people will complain about the condition of the housing and therefore that the

purchase price is unfair. Second, that people don't know what to do with vouchers for property with restitution claims.
I asked if the years worked section was simplified would it be enough of a change to ensure success? He said yes, it would probably be enough. He said Latvia, Lithuania and East Germany all used a more simple process and were able to privatize housing within a year.

Interview with Mustame office
Personnel office
September 3, 1992
James Folino

Tom Balderston and I interviewed a local housing office in the Mustame district bordering Tallinn. We met with the woman in charge of the personel office.
She was helpful and did not seem concerned about filling in years worked on the voucher card.

Workbooks
She showed us the workbooks. They consist of a cardboard cover with pages stapled inside. These books are not always grey (at the University the cover was green). The first section is in Russian and is usually more complete. The second section is in Estonia. The sections are identical in format but the 1st might go farther back in years, for example. The first page has name, date of birth, date the book was started. Then, on the next page start job listings. The columns are job number, job description, date started, date left. Also, in the description colunm, if the person was appointed to the job upon graduating from a university and why they left the job. The dates are, e.g. date started: June 10, 1945, date left: November 23, 1946. So a problem, it is not easy to calculate time worked in days and then years-days. Days in each full month must be calculated and then partial months. This will slow down the process of filling in the voucher cards.

Non-work activities
People will have to submit certificates for retired status, millitary time, etc.

Resources
They have 2 staff in the personel office. There are 340 employees. She said she can get more people if needed.

Process
She does not anticipate any problems filling in the cards, it is straight forward and directly from the workbook. However, it is obvious that it will be time consuming to figure days worked from 2 dates in Month-day-Year format for EACH job a person held (in the card we saw some 20 jobs).
She said that further instructions are not required, that the decree lays it all out.

Interview with social care office
September 7, 1992
James Folino

I interviewed Ms. Lumi, director of the social care office on Freedom Square in Tallinn.

Computers
They have one computer, a 286-class machine.

Residents
They are responsible for 30,000 people. This includes elderly collecting pensions, handicapped, disabled, single mothers, and widows.

Staff
They have 18 staff of which 4 use the computer. They appear to be mostly older women. Only 4 inspectors actually meet the public and the work for each case must be approved by the office director. The office is open to the public twice a week from 8-12 and from 2-5. The rest of the week the staff processes paperwork. There are 4 social care offices in Tallinn and an additional office in Tallinn for a district outside of Tallinn. She said every district and every town has a social care office.

Decree
I asked if she will need further decrees to begin completing cards. She said they need instructions, absolutely required and that they will refuse to fill out cards until they receive them. She said what she already knows she learned from newspapers.

Their work
After a person retires they are given their workbook which has been kept by the employer. The person then brings the workbook to a social care office to begin collecting a pension. All of the work done in this office is driven by the pension law, it might be worthwhile for us to examine the law. If a person takes on a new full-time or part-time job while collecting a pension they must bring evidence of the job to the office to be added to their file. The files keep here consist of certificates stapled into a cardboard cover. For example, records from the workbook, certificates for child's birth; basically everything that happens to the person. With regard to study in a university, a certificate exists only if the person was working, and therefore received a workbook, before entering the university. In most cases there are no certificates for study in a university or for training courses.

The neccessary certificates are apparently specified in the pension law. Unfortunately the certificates specified in the pension law, which they have already, do not correspond to the years-worked categories on the voucher card. However, she said the pension law requirements are not always realistic. The file records name, date of birth, type of pension, sex, length of career, year retired. Ms. Lumi said in particular everything that happens after age 40 is in the file. Each file has a number. To find a file, the card for the person is located and from the number on the card the file is retrieved.

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The files are not in a computer and are retrieved by hand. The computer holds information required by the pension law such as median salary or income and basic ID data. They have total years worked but not broken down by activity.

Voucher process

I asked if they will have trouble completing the voucher cards. She said in the beginning, yes, definitely. She said it could require an hour for a staff person to thoroughly go through a person's file to fill in the voucher card. It is difficult to estimate time required because it depends on the case. If a person's file is incomplete and certificates are missing, it could take longer. For example, they may need to inspect handwritten documents dating as far back as 1945. Some will be in Russian. They will need to verify that documents are accurate. Because they do not have instructions, they aren't sure which documents are acceptable for proving years worked in the various categories. For example, how is membership in a trade union defined? Does study in a Russian university qualify for the university category? She said there will problems with each of the 13 years-worked categories on the voucher card. Also, they need to continue to do their usual work. So, the voucher cards cannot be completed during working hours and will have to be processed at other times or by new hires.

or 2 weeks after the process starts and he receives some instructions. Mr. Tüvi seemed reluctant to provide estimates of time required or difficulty in filling in voucher cards. He seems a bit overwheimed by the whole process and clearly does not know what to expect. He explained that he lacks instructions.

They have the information neccessary for filling in the top section of the voucher card. They are now in the process of putting this information on computers but will not finish until a year from now. They have a database of the residents in the district on the computer. However, detailed records are not kept on the computer.

Problems
They would appreciate help launching the process of issuing and filling in cards, buying computers and hiring staff. Specifically, 4 sophisticated computers, and 8 staff people.

Deloitte & Touche

REQUIREMENTS ASSESSMENT

AUTOMATED VOUCHER SYSTEM

Deliverable

Delivery Order No. 12
Task III, Asset Distribution Program Computer System Development

Contract No. EUR-0014-I-00-1056-00
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Tohmatsu
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1 Introduction

1.1 Purpose of this document

This Requirements Assessment is the second step in the development of the Automated Voucher System. There are four steps altogether in the development:

- Conceptual Design (completed April 17, 1992)
- Requirements Assessment (this document)
- Design of the Automated Voucher System
- Coding, testing, and installation

This document, the Requirements Assessment, plays a key role in the Automated Voucher System development: it defines the needs that the system will address. The Automated Voucher System will probably change later; but this document describes exactly what the Automated Voucher System will do in the beginning. The Design work cannot be started until this Requirements Assessment is completed.

1.2 Basis of this document

This Requirements Assessment takes into account Decree 226 dated 5 August, 1992, and builds on the instructions in that decree. It is also based on many working sessions with the officials responsible for developing the Popular Capital Voucher program.

1.3 Definition of the Automated Voucher System

The Automated Voucher System is meant to be flexible and will be designed and programmed in a way that allows later modification of the program to record the use of vouchers other than Popular Capital Vouchers. It will also be possible to modify the program later to record the creation and use of Popular Capital Obligations.

However the Automated Voucher System will be a computerized system for recording the issuing and using of popular capital vou[illegible] There are other vouchers [illegible] cultural vouchers and compensation vouchers -- but the Automated Voucher System will be, at this time, only for popular capital vouchers. Nor will the Automated Voucher System, at this time, deal with Popular Capital Obligations, which may be created from Popular Capital Vouchers.

1.4 Definition of key terms

Following are definitions of some important terms used throughout this Requirements Assessment:

- Popular Capital Voucher: an account in the Automated Voucher System issued to all qualified residents of Estonia. Sometimes called "housing voucher".

- Popular Capital Obligation: a security which may be issued by the Bank of Estonia in exchange for a popular capital voucher.

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- Popular Capital Voucher Card: the card used to apply for Popular Capital Vouchers and to calculate the number of years on which they are based.

It is important to note that these items are distinct and separate.

2 Organizational responsibilities

Ministry of Economy: plans voucher programs; designs, prints and distributes voucher cards; licenses house valuers.

State Property Board: oversees Popular Capital Voucher program, including supervising work on the Automated Voucher System done by the State Computing Center, the various Housing Boards, and any other organizations.

National Housing Board: plans details of housing privatization, such as valuation method; distributes voucher cards to local government for distribution to local housing offices; trains and supervises local housing officers, and housing valuers.

State Computing Center: designs system of registration numbers for popular capital voucher cards; operates the Automated Voucher System.

Local and enterprise housing offices: issue popular capital voucher cards to most individuals; value housing by calculating coefficient for value of a square meter; calculate vouchers needed to purchase such housing; draw up purchase contracts; execute legal transfer of title.

Other local authority offices: issue Popular Capital Voucher cards to certain individuals who do not receive them from housing offices.

Enterprise personnel offices, social care departments and other keepers of grey work booklets: verify years worked.

Local military departments, schools, universities, and others: provide verification certificates to credit years that are not recorded in grey work booklets.

Deloitte & Touche Consortium: designs Automated Voucher System; programs, tests, and installs the Automated Voucher System.

Unknown local offices: receive popular capital voucher cards with years of work filled in; calculate total Popular Capital Vouchers; transmit the cards to the Automated Voucher System and afterwards keep paper cards; do data entry using program supplied as part of Automated Voucher System.

3 Outputs

3.1 Statement of individual account

Each time that the number of vouchers in an individual account changes, the Automated Voucher System will print a cumulative Statement of the account. This Statement will include date of transaction; description of the transaction; number of vouchers added to or subtracted from the account; and balance of vouchers remaining in the account. The Statement will show the present transaction and all previous transactions on the one statement. The Statement will be sent to the local office responsible for the account, where the Statement and other relevant information about the

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individual account will be kept on file. The local office may give a copy of the Statement to the individual.

The transactions that can change the number of vouchers in an individual account, and thereby require the issuing of a Statement, include the following:

- Vouchers initially added to account after account opened
- gift of vouchers to or from another family member
- inheritance of vouchers
- use of the vouchers to buy housing.

Volume: An estimated one million accounts are to be opened, and there may be an average of two additions to or subtractions from each account after it is opened. This means a total of about three million Statements altogether, spread over several years.

Sample output: not yet designed.

3.2 Control reports for management

These have not been defined yet, but are a top priority output. One possible reports, for example, might be a monthly summary of new transactions: accounts opened; vouchers credited, transferred and debited; and transactions rejected. The report could show Year-to-Date activity compared to activity during the current period.

Volume: a few pages per month.

Sample output: not yet designed.

3.3 Notices to deny requested transactions

Occasionally, the Automated Voucher System may deny a transaction for one reason or another. In that case, a notice of denial will be sent to the responsible local office. The notice of denial may be a pre-printed letter, instead of something printed specially by the computer system.

4 Inputs

4.1 List of housing offices

The State [illegible] Center is designing an input form which will list all the [illegible] offices which issue Popular Capital Voucher cards and therefore keep files on individual accounts. This form is noted as "Form 1" on the Flow Charts at the end of this document.

Volume: unknown.

Sample input: Form 1. Not yet approved.

4.2 Registration of individual to open account

Each eligible individual will go to their local housing office which will issue a "Rahvakapitali Obligatsiooni Arvestuskaart" or Popular Capital Voucher card to the individual. The identification data from the top block on this voucher card will be copied onto "Form 2" and sent to the Automated Voucher System. The information on Form 2 will be used in the Automated Voucher System to set up the individual's account.

"Form 2" is an input form being designed by the State Computing Center. Form 2 should include the six fields at the top of the voucher card: the registration number of the card, the first and last name of the individual, and the individual's personal registration code number, date of residence, and number of children. The data from Form 2 will be entered into the Automated Voucher System to open an account for the individual before the rest of the voucher card is filled in with the details of years worked, to determine the number of vouchers the individual is entitled to.

Volume: Same as number of accounts, one million. The six fields mentioned will total less than one hundred characters.

Sample input: Form 2. Not yet approved, but see attached card titled "Rahvakapitali Obligatsiooni Arvestuskaart" or Popular Capital Voucher card. This card is the source of Form 2 and several other key inputs to the Automated Voucher System. It is called "the voucher card" or simply "the card" throughout this Requirements Assessment.

4.3 Credit initial Popular Capital Voucher to individual's account

After leaving the office that issued the voucher card, the individual brings the voucher card to his or her employer (or social care office for retired persons). At the employer or social care office, 14 lines are filled in detailing years and days worked and other activities which can be used to earn vouchers; plus two lines for totals. Only the totals are to be entered into the Automated Voucher System.

Volume: Same numbers of cards as above. The totals and the card registration number, will total less than 50 characters. The registration number of the card will be used to connect this transaction with the preceding transaction, where the individual's account was established.

Sample input: Extracted from "Rahvakapitali Obligatsiooni Arvestuskaart".

4.4 Gift or inheritance of vouchers

The law provides for transfer of vouchers from one family member to another by gift or inheritance. In such a case the new owner can use the vouchers for his or her own benefit, and the old owner gives up all rights to the vouchers. When vouchers are given or inherited, this fact is marked on the backs of the same voucher cards, the "Rahvakapitali Obligatsiooni Arvestuskaart", mentioned above. At the same time, the information will be marked on a special form for input to the Automated Voucher System. The form will include the following data:

- title of transaction (for now, the only possibilities are gift or inheritance. In future, exchange or even sale may be allowed.)
- number of vouchers transferred

From the front of the giver's voucher card:
- card registration number of giver
- Last name of giver
- first name of giver

From the front of the receiver's voucher card:
- card registration number of receiver
- Last name of receiver
- first name of receiver

Note that inheritance and gifts will be processed exactly alike.

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Volume: Transfers might be quite common. Perhaps as many as a third of individuals in the system might give or receive vouchers from others, so there might be 250,000 to 350,000 inputs. Total input for each transfer will be eight fields, less than 100 characters.

Sample input: Not yet designed but see attached card titled "Rahvakapitali Obligatsiooni Arvestuskaart" for inputs from giver's and receiver's voucher cards.

4.5 Using vouchers to buy housing

When an individual or family wants to use vouchers to buy a residence, the individual or family will apply to the appropriate housing office. After the house has been valued, the housing office will prepare a purchase agreement which will state the size and value of the housing unit, and the means of payment, including the number of popular capital vouchers to be used. The housing office then sends the purchase agreement to the Automated Voucher System for recording the use of the vouchers.

Volume : same as 2.4 above.

Sample input: See attached purchase agreement, "OSTU-JA MÜÜGILEPING".

4.6 Linking Popular Capital Voucher cards

If a Popular Capital Voucher card's back page fills up, another card is issued, and the new card number is noted on the old card. The connection of the two card registration numbers will be entered into the Automated Voucher System. The input data will include:

From the front of the card:

- old card registration number
- last name
- first name

From the back of the card:

- new card registration number

Volume: Using this feature will probably be rare: it can only happen when an individual receives gifts of vouchers from more than six relatives. When it does happen, five fields should be entered into the Automated Voucher System, totalling around 50 characters.

Sample input: See the back of "Rahvakapitali Obligatsiooni Arvestuskaart" and the "Lisakaart"

5 Operations

5.1 Opening an account

Accounts will be established when the housing office issues the Popular Capital Voucher card to the individual. At a later stage, the actual number of vouchers is calculated. Before opening an account, it would be desirable to check the personal information about the individual against the new National Register being set up in the Statistical Information Center. The National Register supposedly contains the name, birth date, and address of each inhabitant of Estonia, both citizens and non-

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citizens. Each person is supposed to be assigned a personal code number: and each person is supposed to know what that personal code number is.

However, the National Register does not appear to be complete, and even if so it may contain errors. Also, some individuals may not have been notified of their personal code numbers. Therefore, we do not plan on checking applications for new-accounts against the National Register. Nevertheless, the Automated Voucher System will keep a record of any personal code numbers supplied with the applications, so that the Automated Voucher System can be checked against the National Register at some time in the future.

The accounts in the Automated Voucher System will be established and controlled using card registration number, last name and first name from the voucher card.

See "Flow Chart 1: Opening an Account", at the end of this document.

5.2 Crediting Popular Capital Vouchers

Before crediting vouchers to an individual's account, the Automated Voucher System will verify that first year of residence and years worked are reasonable. For example, one test might be that years worked should not be greater than years of residence minus 16. A second test could be that popular capital vouchers should not be greater than years worked plus five times the number of children. The number of children must be a factor in this second test because a person can receive five vouchers per child.

If an input of vouchers violates either of the two example tests, a clerk should examine the input before the system accepts and credits the vouchers.

To make these tests and credit the vouchers, we need

- number of children
- number of vouchers
- year of beginning residence in Estonia

all from the voucher card.

Note that popular capital vouchers are created and credited to an individual in whole numbers. That is, if an individual has worked a few days more than 12 years, he or she still gets exactly 12 vouchers. But when the individual uses the vouchers [illegible] any housing, a decimal balance may result. For example, the individual wi[illegible] 12 vouchers may buy an apartment of 11.5 square meters, which requires 11.5 vouchers. The remaining 0.5 vouchers would still exist in the individual's account after the housing purchase. An inflation adjustment, if there is one, could also create decimal vouchers.

See "Flow Chart 2: Crediting Initial Vouchers", at the end of this document.

5.3 Gift or inheritance of vouchers

Popular capital vouchers may be given or willed from one family member to another. The Automated Voucher System will treat both gifts and inheritances in exactly the same way. The operation will be simply subtracting the vouchers from the account of the giver and adding them to the account of the receiver.

No Flow Chart to show this.

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5.4 Using vouchers to buy housing

When an individual (or family group) holding popular capital vouchers wishes to buy housing, they will apply to the appropriate housing office, usually the same housing office that issued their voucher cards. The housing office value the housing. Valuing is a two-step process. First, a coefficient is calculated for the housing to indicate its value relative to standard housing. Then, the area of the housing in square meters is multiplied by the coefficient. The result is standard square meters. One popular capital voucher can buy one standard square meter.

If the individual or group's total of popular capital vouchers is less than the number of standard square meters of the housing unit, the difference can be paid with cash, installment financing, or perhaps compensation vouchers.

If the housing office approves the sale, they notify the Automated Voucher System of the transaction. The Automated Voucher System will then subtract vouchers from the individual account or accounts.

A transaction involving a group of family members acting together to buy housing will be recorded separately in the individual accounts. There is no special record indicating that an individual's vouchers were pooled with those of other individuals, nor will the Automated Voucher System keep track of family relationships.

See "Flow Chart 3: Using Vouchers to Buy Housing", at the end of this document.

5.5 Linking old and new card registration numbers

When more than six gifts are recorded on the back of an individual's "Rahvakapitali Obligatsiooni Arvestuskaart", a new card with a new registration number must be issued to him or her. The new registration number must be entered into the Automated Voucher System and linked to the old card registration number to maintain an audit trail.

No Flow Chart to show this.

5.6 Canceling and reissuing spoiled or incorrect cards

The system must provide for cases where an individual's voucher card is lost or stolen, and a new card is issued. It may be desirable in this case to use a new number for the newly issued card. If so, the new number will be handled similarly to [illegible]

No Flow Chart to show this.

6 Resources

6.1 Central hardware/ software

The Automated Voucher System will be installed in the State Computing Center, which has three different types of platforms: mainframe, mini and PC. Many combinations of software and hardware could be used for the Automated Voucher System. The following combination is the most economical and efficient and best utilizes equipment and skills already at the State Computing Center:

- AS/400 (or HP9000) mini-computer
- Backup capability on mini-computer

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- Mini-computer operating system

- ADABASE/ NATURAL database system/ programming language

The State Computing Center already has the minicomputer and operating system. It may buy a licensed version of the ADABASE/ NATURAL software before work starts on the Automated Voucher System. However, it may be necessary to buy a copy of the PC version of NATURAL if programming starts in the next few weeks.

6.2 Data entry hardware/ software

Data entry from Form 1, Form 2, and voucher cards will be done by keying data in on IBM-compatible personal computers. The software for data entry will be special programs under MS-DOS, written with an appropriate database language such as FoxPro or Clipper.

This type of hardware and software is already in use in many local offices in Estonia and at the State Computing Center. However, the personal computers all seem to be heavily used already, and little money is available to buy more. It is likely, therefore, that data entry will be the major bottleneck in the Automated Voucher System.

The data entry programs will be written as part of the Automated Voucher System and distributed to all the local offices where personal computers are available for data entry. The data entry programs will be as simple and fool-proof as possible to minimize training and support needs. The data entry programs will put the data into an appropriate format onto diskettes. The local offices will then send the diskettes to the State Computer Center. Data from the diskettes will then be transferred into the central Automated Voucher System.

Any offices lacking personal computers can send the completed Form 1, Form 2, and voucher cards, instead of diskettes, to the State Computing Center. The State Computing Center will arrange for keying in the data, and will send the voucher cards back to the local offices for filing.

Data entry will require the input of 1,000,000 applications in total; 20,000 a day at the peak. In addition, an estimated 2,000,000 transactions such as gifts, conversions to obligations, and housing purchases will be entered into the system, over a long period of time after the initial peak. If one clerk with one personal computer can input 100 transactions per day, this implies that 200 clerks and computers will be needed for data entry at the peak.

It is not known exactly how many computers are available within the government for data entry, but it is unlikely that there are enough for fast results. It will likely be necessary either to buy more computers, or to hire an outside service for data entry, or endure delays in data entry.

6.3 Printers

The Automated Voucher System will require two high-speed line printers. This requirement is calculated as follows:

First the system must print an estimated 1.3 million Statements of account during the first six months, that is, an average of 10,000 Statements per working day. Two Statements can be printed on one page, therefore an average of 5,000 pages need to be printed per day.

Second, each high speed line printer alone should be able to print 5,000 pages per day. This is based on 500 lines per minute, 50 lines per page, 600 pages per hour.

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According to the above estimate, one high-speed line printer alone should be able to handle the printing load. The second line printer is needed for three reasons:

- to print non-Automated Voucher System work
- in case the first printer breaks down
- to handle peak printing of double the average load.

The State Computing Center already has one good line printer, and several older ones.

6.4 Files

The Conceptual Design document estimated that the system will need dual 500Mb RAM drives. This estimate is still roughly accurate. The minicomputers at the State Computing Center have more than this amount of free file capacity. Apparently, therefore, no additional file capacity is needed.

6.5 Personnel

As far as operations personnel are concerned, there should be two complete teams of personnel to operate the computer system, to allow for holidays and sick leave, and in case of need for two-shift operations. Below are preliminary estimates of manpower needs at the State Computing Center to run the main Automated Voucher System:

Computer Shift supervisors.....2
Computer input operators 4
Computer printer operators.....4
Maintenance programmers.....2

Input clerks/ verifiers 10

Many of these personnel are already available on the staff of the State Computing Center.

For data entry, it is estimated above that 200 clerks will be needed at the peak to enter data into personal computers at county data processing centers. Perhaps half that many will be required on a continuing basis for a year or so after the initial peak of applications. It is not known how many will be available initially, and how many might need to be hired. Nor is it known how they would be financed.

As far as programming manpower is concerned, the Deloitte & Touche contract will pay for the programmers and the programming.

6.6 Costs

It is difficult to estimate costs accurately because of many unknowns. But the following remarks can serve as guidelines to likely expenses that will arise in association with the Automated Voucher System.

Hardware. Little or no additional hardware costs at the State Computing Center. Some local county data centers may decide to buy additional personal computers for this and other applications.

Software. There may be little or no additional software costs because the State Computing Center has already requested funds to buy ADABASE/ NATURAL anyway for other reasons. It is not known when funding for this purchase will be made available. It may be necessary to buy one copy of the PC version of NATURAL at a cost of

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30,400 EEK. It may also be desirable to buy some additional utility or system software to make programming and operation easier.

Personnel. The programming personnel will be paid for by the Deloitte & Touche contract. The State Computing Center may need to hire a few extra operators to run the Automated Voucher System. The local data centers will need to hire extra clerks for data entry. There will also be a cost to train all the data entry clerks.

Supplies. The system will need as many as a thousand diskettes for input of data from county data processing centers, costing perhaps 50,000 EEK. The system will also need a good deal of paper and inked ribbons for printing, costing perhaps another 100,000 EEK.

7 Controls

The Automated Voucher System will include various control routines and subsystems to prevent, track down, and correct errors and fraud. The types of errors and frauds that need to be dealt with include:

- prevent applying twice
- prevent using same vouchers twice, for both housing purchase and purchase of Obligations
- check that age and years worked are reasonable
- prevent inflating both age and years worked
- prevent applying in name of someone who just died (unless an heir)
- prevent claiming residence during time not resident
- prevent transfer between non-family members
- prevent receiving both agriculture & popular capital vouchers for the same work period
- prevent use of counterfeit cards

This is not an exhaustive list, and it not yet determined exactly how to impose controls in all these areas. It will be a task of the design phase to fully define the threats and risks of the system, and to design controls for them.

8 Evaluation criteria

The Automated Voucher System will only be of value to the Government of Estonia if it achieves certain minimum measurable benefits. These are:

- Provide management information on macro- and micro-economic effects of privatization and vouchers

- Create popular confidence in fairness of voucher system, and of privatization in general

- Speed operation of voucher system

- Prevent error and fraud

- Contributes to maximum coordination between privatization programs

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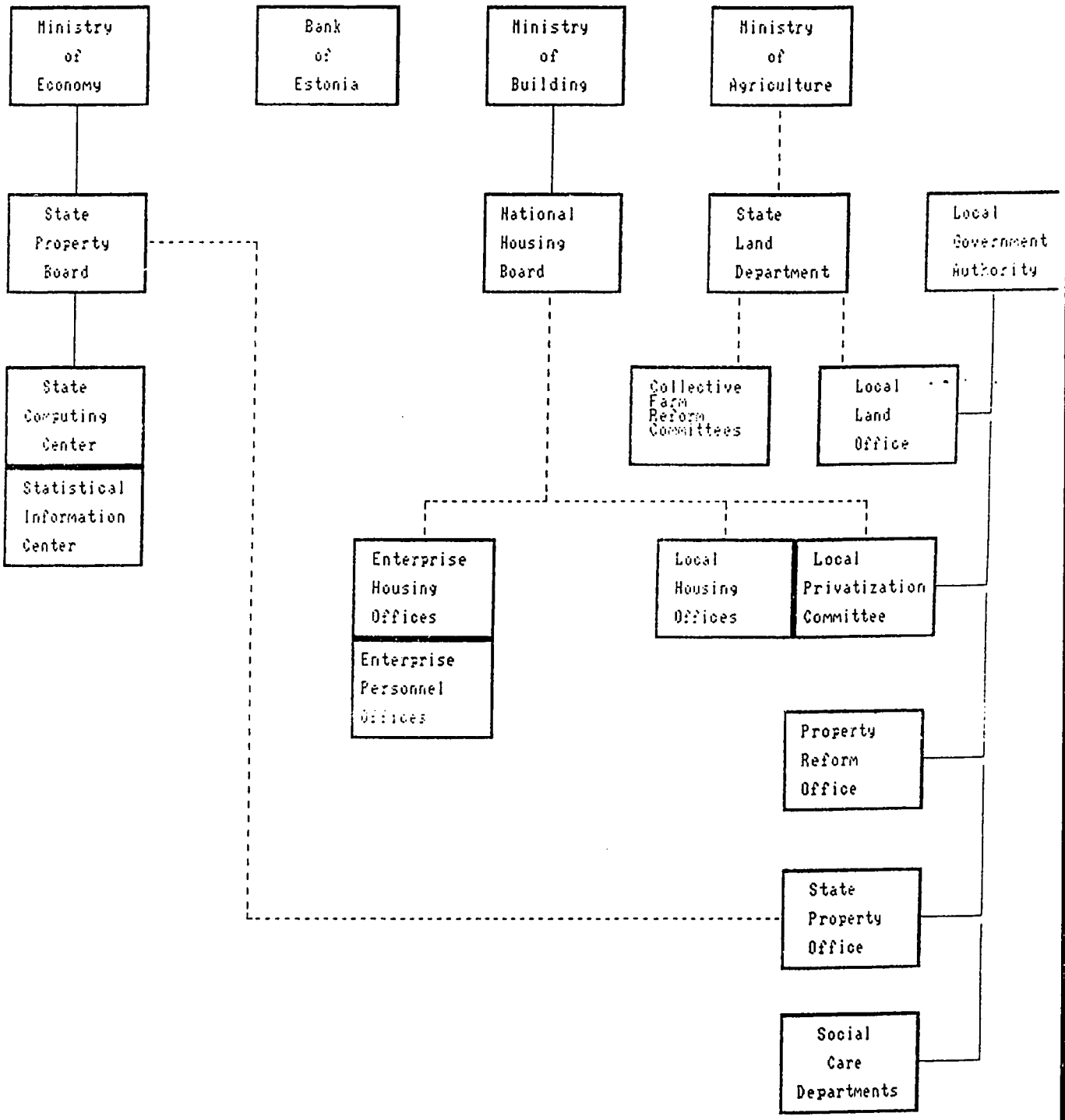
REPORTING RELATIONSHIPS



Revised: 26 July, 1992

Directory: c:\data\estonia
Chart: RPT_REL

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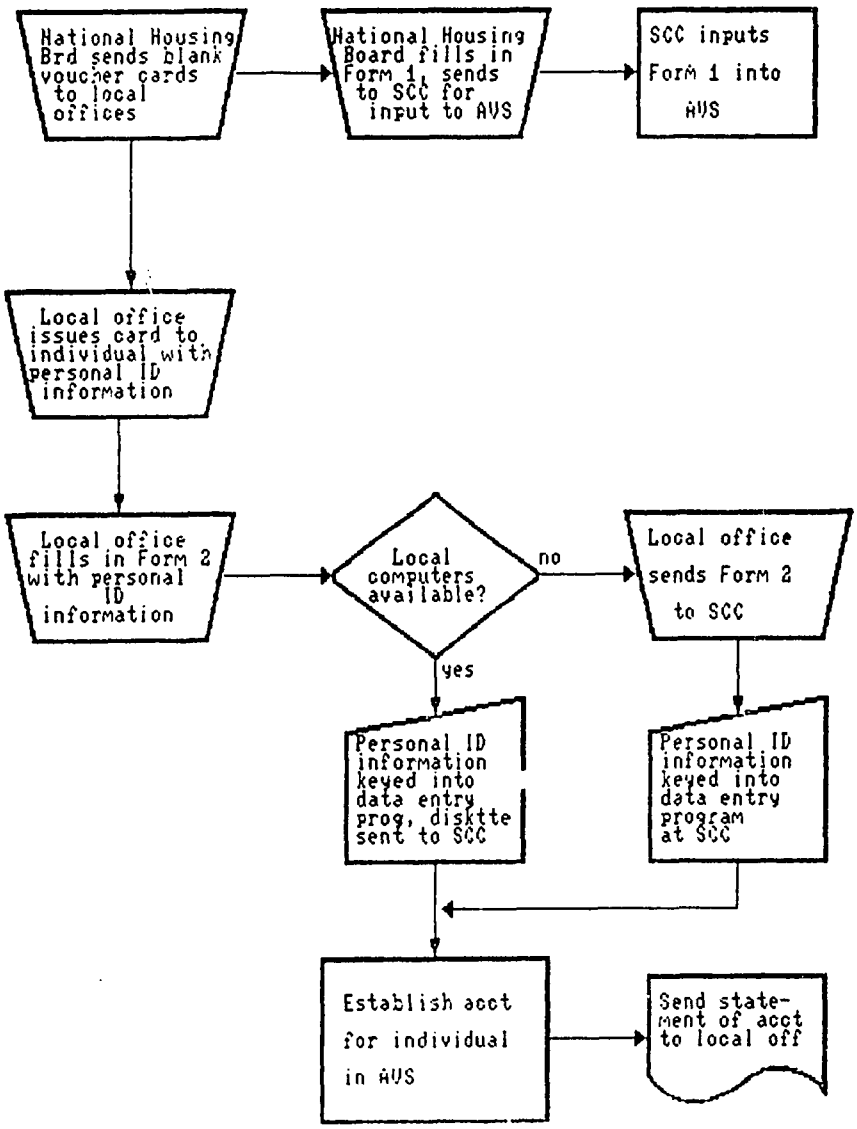
AUTOMATED VOUCHER SYSTEM - 1

OPENING AN ACCOUNT



NOTE:

Form 1 means first form prepped by SCC
Form 2 means second form prepped by SCC
SCC MEANS STATE COMPUTING CENTER
AVS MEANS AUTOMATED VOUCHER SYSTEM

Revised: 9 September, 1992
Directory: c:\data\estonia
Chart: ISSUE1

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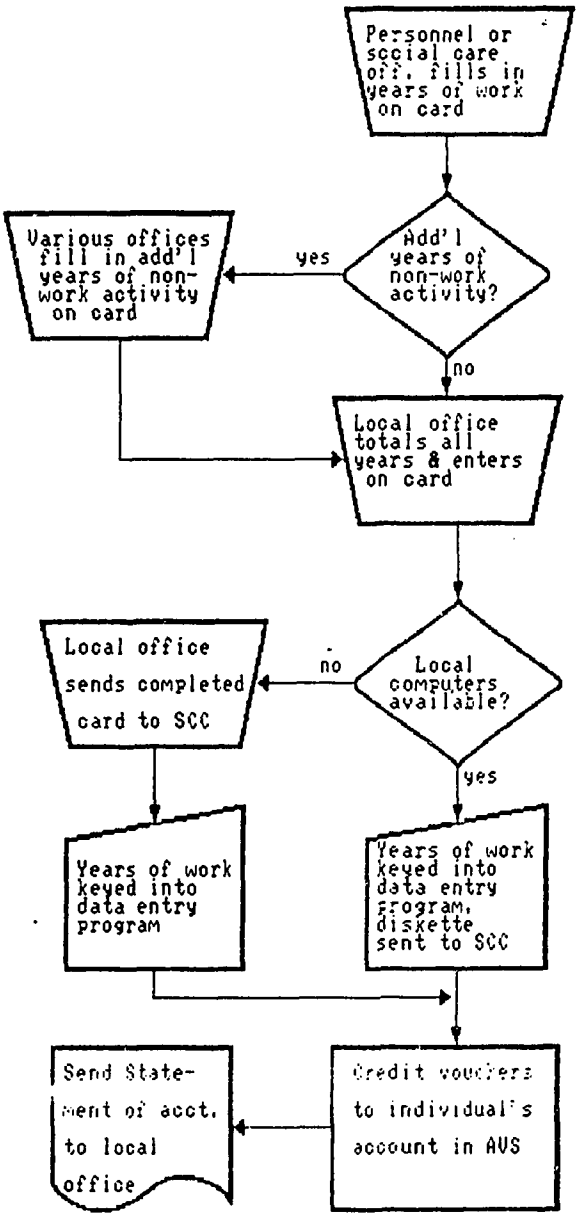
AUTOMATED VOUCHER SYSTEM - 2

CREDITING INITIAL VOUCHERS



NOTE:

SCC MEANS STATE COMPUTING CENTER

AVS MEANS AUTOMATED VOUCHER SYSTEM

Revised: 9 September, 1992
Directory: c:\data\estonia\cht&wki
Chart: ISSUE2

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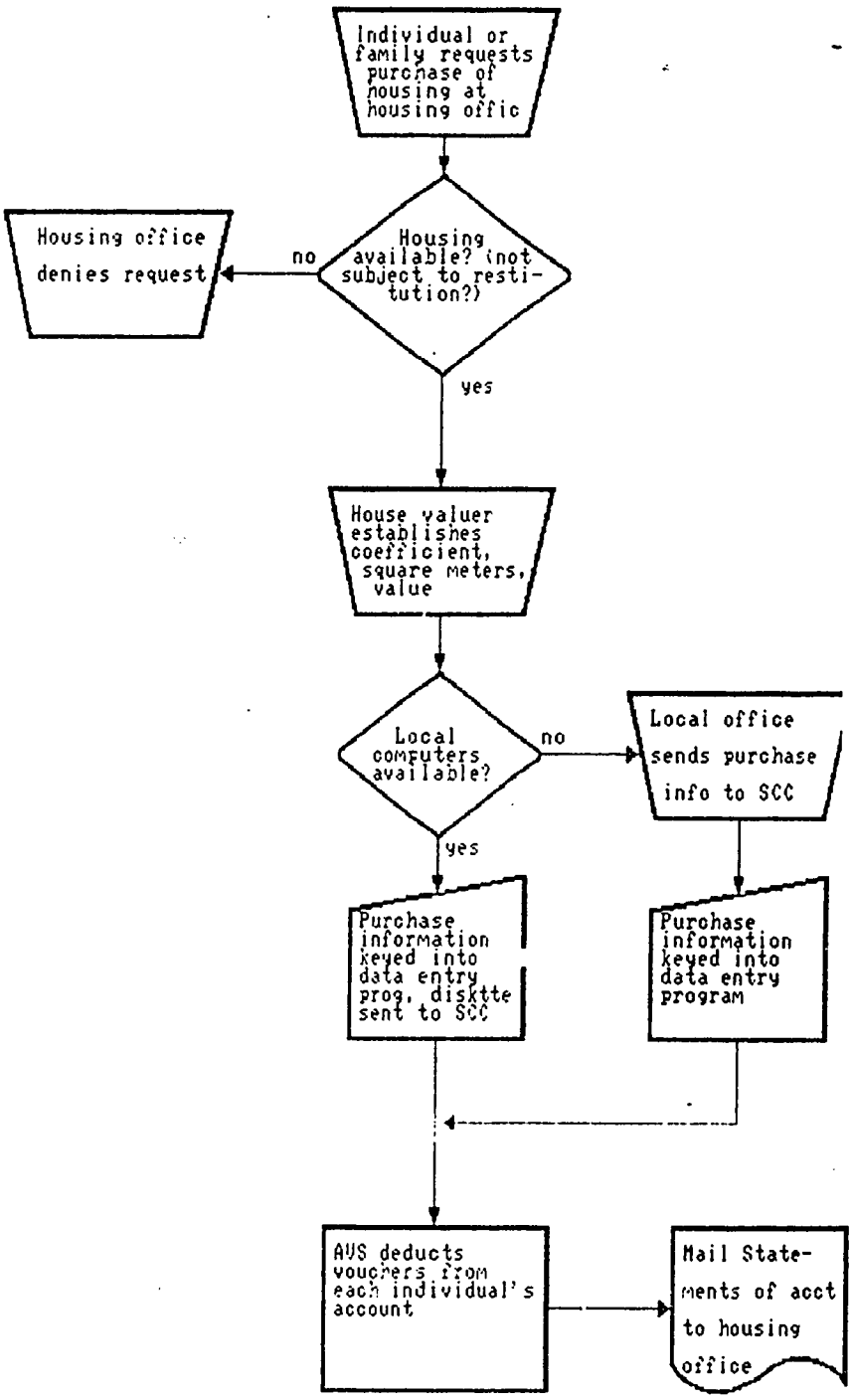
AUTOMATED VOUCHER SYSTEM - 3

USING VOUCHERS TO BUY HOUSING



Revised: 9 September, 1992

Directory: c:\data\estonia\cht&wk1
Chart: XFER1

NOTE:

SCC MEANS STATE COMPUTING CENTER
AVS MEANS AUTOMATED VOUCHER SYSTEM

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Deloitte & Touche

ESTONIAN AUTOMATED VOUCHER SYSTEM

HOUSING VOUCHER MANAGER DESIGN DOCUMENT

Deliverable

Delivery Order No. 12
Task III, Asset Distribution Program Computer System Development

Contract No. EUR-0014-I-00-1056-00
U.S. Agency for International Development
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Deloitte Touche Tohmatsu International

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- R03MAHA
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- **Popular Capital Obligation Card (Yellow Card); "Rahvakapitali Obligatsiooni Arvestuskaart"**
- **Additional Card; "Lisakaart"**

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Section 1.0 Introduction and Background

Given the importance of vouchers in the privatization program of Estonia, the United States Agency for International Development (USAID) undertook to finance the development of an automated system to support the voucher program. USAID selected Deloitte & Touche to perform this work under its Eastern European Enterprise Restructuring Project.

During the last year, Deloitte & Touche has worked with the Estonian Ministry of Economy, the Department of State Property (DSP), the Estonian State Computer Center (SCC), and the Bank of Estonia to define the procedures by which vouchers will be used in privatization in Estonia. Our understanding of these procedures is demonstrated in two documents published this summer by our team in Estonia. They are the Conceptual Design (completed April 17, 1992), and the Requirements Assessment (completed September 9, 1992).

In August of 1992, the Government of Estonia issued Decree No. 226. This decree and its amendments govern the process and terms by which the Republic of Estonia will use vouchers to privatize its portfolio of state-owned housing. Since this is the first voucher program to be thoroughly defined in law, it is the first to be included in the Automated Voucher System.

This document uses the Concepual Design, the Requirements Assessment, and Decree #226, as well as interviews conducted in September and October 1992 as its basis. It is intended to complete the documentation of our understanding of the needs for voucher information in housing privatization, and to communicate the design of the Housing Voucher Manager portion of the Automated Voucher System to the SCC and other interested parties.

The Design Document is also intended to govern the work that will be performed on behalf of Deloitte & Touche by the SCC. We expect this Design Document to be a flexible and adaptable document, subject to change and update as the requirements of later project stages dictate.

We envision the development and implementation of an Estonian-language automated information system which will record and process Housing Voucher information. The system will be installed at the SCC, county offices (Maakonds), municipal offices (Valds), and those local housing offices which are supported by PCs. We expect that the majority of these equipped offices will be in and around Tallinn, where we also expect to find the greatest proportion of Housing Voucher program participants. At those offices not supported by PCs, hard copies of the voucher applications will be forwarded to county offices, most of which are supported by PCs. Any material which cannot be loaded into PCs at application collection and processing points will be forwarded to the SCC for data entry. There are no good estimates at this point as to the likely volume of data entry the SCC will be required to perform.

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This document is organized as follows:

Section 1 - Introduction and Background

Section 2 - Standards and Methodologies: A brief discussion of our approach and techniques

Section 3 - Inputs: A review of the forms used in Housing Voucher privatization

Section 4 - Outputs: A review of outputs to be produced by the system

Section 5 - Processing Requirements: General discussion of the operation of the Housing Voucher program

Section 6 - Other Considerations: Outstanding issues and matters for future discussion.

Appendix A - Data Dictionary:

Appendix B - Database Diagram

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Appendix D - Database Size Estimate

Appendix E - Programming Specifications.

Appendix F - Sample Forms

Section 2.0 Standards and Methodology

Our design approach is based upon Deloitte & Touche's proprietary structured analysis methodology **4-FRONT**. The **4-FRONT** methodology is a comprehensive "how-to" manual for the development of small, medium, and large information systems. It provides detailed, step-by-step instructions for planning, designing, building, and implementing integrated information systems. The methodology is modular in construction, allowing it to be adapted to the particular requirements of any given project.

The **4-FRONT** methodology employs a top-down approach which guides the user through repeated decomposition of functions into their component functions. This approach help the user to model the activity of the client organization. At the same time, the methodology is a guide for bottom-up techniques such as data analysis and normalization. For the Housing Voucher Manager, data was normalized to third-normal form and then re-examined for the sake of access and user-friendliness. Rules followed for data normalization are:

- ☑ **First Normal Form**: No repeating groups within a data table
- ☑ **Second Normal Form**: All data elements in a data table dependent upon the primary key for that data table.
- ☑ **Third Normal Form**: All data elements in a data table independent from one another.

For this project, we studied the data requirements represented by the forms which are to be used in the Housing Voucher program. These are:

- Popular Capital Obligation Card (Yellow Card); "Rahvakapitali Obligatsiooni Arvestuskaart"
- Registration List of National Capital Voucher Accounting Cards; "Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri"
- Additional Card; "Lisakaart"
- List of Card Issuers; "Arvestuskaarte Valjastavate alluksuste nimekiri."

Our assumption is that the Automated Voucher System database should initially be based upon this information. Additional data requirements will develop as other voucher types are proposed for inclusion in the Automated Voucher System, housing purchase requirements are implemented, and reports are defined. However, in the meantime, the Automated Voucher System's Housing Voucher Manager will be composed of the data found in the above forms.

Section 3.0 Inputs

The primary inputs for the Housing Voucher Manager have been defined as:

- Popular Capital Obligation Card (Yellow Card); "Rahvakapitali Obligatsiooni Arvestuskaart"
- Additional Card; "Lisakaart"
- Registration List of National Capital Voucher Accounting Cards; "Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri"
- List of Card Issuers; "Arvestuskaarte Valjastavate alluksuste nimekiri."

See Appendix F for samples of the Popular Capital Obligation Card and the Additional Card.

Popular Capital Obligation Card (Yellow Card)

The National Housing Board will distribute the voucher cards to local government offices (Maakonds). The local government offices will distribute the vouchers to the local housing offices for distribution to the individuals in each locality. Each individual who was a permanent resident of the Republic of Estonia on January 1, 1992 will receive a card. The individual will present his or her identification and the following information will be entered on the card:

- Name
- Date of Residence in Estonia
- Sex
- Year of Birth
- Year of Death
- Number of Children
- Personal Registry Code Number.

After verification of this information, a card registration number is issued which uniquely identifies the individual's housing claim.

After registering the card, the individual collects information about his or her length of service in a variety of categories found on the card. This includes such things as length of time in the Soviet Army, years worked, period of time unemployed or in university, and years in jail or in exile. This information will be verified by the local housing office and a number of voucher years or points will be assigned. These voucher points are valued at one square meter of housing per point. These voucher points may be used to purchase housing at the rate of one square meter per point, given as a gift between parents, children, spouses, in-laws, and siblings, received as inheritance from a voucher holder who has died, or converted to Popular Capital Obligations. These Popular Capital Obligations may be traded in a secondary market at some later date.

Although the card maintains detail on the years and days in each category, the Housing Voucher Manager will maintain only summary balances of the individual's years.

The card also maintains information on transactions such as those mentioned above (i.e. gifts, inheritance, etc.) It is like a log showing who the other party in the transaction is, what kind of transaction is being executed, dates, and amount of transaction. Should the individual have too many transactions to fit on the Yellow Card, an Additional Card may be issued.

Additional Card

The Additional Card may be issued to collect additional transaction information. It contains the same information as that found on the back of the Yellow Card. This information concerns gifts of voucher years between individual accounts. It includes the following information:

- Name
- Card Registration Number
- Other Individual's Name
- Other Individual's Personal Code
- Type of Transaction
- Number of Voucher Points.

Registration List of National Capital Voucher Accounting Cards

This is a hard-copy register of Yellow Card applications made at the Local Housing Offices or Self-Government locations. The information it carries is primarily a synopsis of the individual's application for the Yellow Card. It includes such information as:

- Card Registration Number
- Personal Code
- Name
- Year of Birth
- Year of Death
- Sex
- Number of Children
- Year of Residence in Estonia
- Card Issuing Date.

List of Card Issuers

This is a hard-copy list of those local housing offices or self-governing entities which have the authority to issue Yellow Cards. It includes the following information:

- Number of Housing Office
- Name of Housing Office
- District
- Address
- Contact Person
- Telephone.

Section 4.0 Outputs

Requirements for outputs from the Housing Voucher System are still evolving. We expect that the SCC, the DSP, and the National Housing Board will be more able to define report requirements after the installation of the new government. However, in the meantime, we have defined several reports which meet general information needs for the short term and should help all interested parties to more clearly define their own information needs.

These reports are as follows:

- Form 1P
- Form 2aP
- Form 2P
- Voucher Totals Report
- Voucher Transactions Status Report.

Mock-ups of these reports are included in this section. It is not clear at this point how frequently these reports are required to be generated. However, we recommend that they be produced at least once a month.

Form1P

This report is a reproduction of a manual register that is planned by the SCC. There are no known recipients of the report other than the SCC. It is meant to list those housing offices or other entities which are eligible to issue Popular Capital Voucher Cards. This report currently includes the following data:

- Number of Housing Office
- Name of Housing Office
- District
- Address
- Contact Person
- Telephone.

Form 2aP

This report is a reproduction of a manual register that is planned by the SCC. It is required to be produced for submission to a Notary Public. This report is meant to provide the Notary Public with an official listing of those individuals who are likely to come to have their data notarized. This report currently includes the following data:

- Card Registration Number
- Family Name
- First Name
- Office Issuing Card
- Date Card Issued.

Form 2P

This report is a reproduction of a manual register that is planned by the SCC. It could be usefully produced by automated local housing offices and county seats to accompany diskettes for submission to the central Housing Voucher Manager database. This report currently includes the following data:

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- Card Registration Number
- Family Name
- First Name
- Personal Code
- Year of Birth
- Year of Residence in Estonia
- Year of Death
- Number of Children.

Voucher Totals Report

This is a report designed by the Deloitte & Touche team to provide summary management information to the SCC, local offices, DSP, and National Housing Board. It could be produced each month to give the audience a sense for the progress of Housing Privatization. The report organizes information by the various Local Housing Offices according to District or County. It also anticipates the inclusion of Housing Purchase information which is planned for the beginning of 1993. This report currently includes summary data on the following information:

- Total Cards Issued
- Total Number of Voucher Points Awarded
- Total Number of Housing Units Purchased
- Total Number of Square Meters Purchased
- Total Outstanding Balance of Voucher Points.

Voucher Transactions Status Report

This report was designed by the Deloitte & Touche team as a management information tool for the SCC, local housing offices, DSP, and National Housing Board. It should give the users a sense for the progress of Housing Privatization and Purchases, current activity, and new totals. The totals should match the totals generated in the Voucher Totals Report. This report currently includes summary data on the following information:

- Number of Voucher Applications Submitted (Year to Date)
- Number of Voucher Applications Submitted (Current Month)
- Number of Voucher Applications Submitted (New Total)
- Number of Voucher Points Awarded (Year to Date)
- Number of Voucher Points Awarded (Current Month)
- Number of Voucher Points Awarded (New Total)
- Number of Housing Purchases (Year to Date)
- Number of Housing Purchases (Current Month)
- Number of Housing Purchases (New Total).

FORM1P.XLS

To Housing Board

List of Offices Issuing Popular Capital Voucher Cards

County: XXXXXXXXXXXXXXXXXX

Type: XXXXXXXXXXXXXXXXX

Seq. No.	Name of Office	Code in Registry	Address	Contact Name	Telephone
1	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
2	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
3	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
4	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
5	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
6	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
7	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
8	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
9	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
10	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
11	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
12	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
13	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
14	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999
15	XXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXX	999-9999

To Notary Public
List of Popular Capital Voucher Cards
Cancelled by Legal Document as of 99.99.9999

Seq. No.	Card Number	Family Name	First Name	Office Issuing Card	Date Card Issued
1	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
2	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
3	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
4	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
5	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
6	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
7	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
8	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
9	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
10	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
11	9999[illegible]	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
12	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
13	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
14	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
15	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999

Personal Data Submitted to Housing Office/Local Self-Government
for the Period 99.99.9999

Housing Office/Local Self-Government: XXXXXXXXXXXXXXXXXX

Seq. No.	Family Name	First Name	Card Number	Personal Code	Year of Birth	Year of Residence in Estonia	Year of Death	Number of Children
1	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
2	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
3	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
4	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
5	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
6	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
7	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
8	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
9	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
10	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
11	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
12	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
13	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
14	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
15	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99

Voucher Transactions Status Report
For the Period 99.99.9999 to 99.99.9999

		Number of Applications			Number of Vouchers			Number of Purchases	
	YTD	Current	Total	YTD	Current	Total	YTD	Current	Total
District A									
Local Housing Office 1									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 2									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 3									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 4									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict A Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict B									
Local Housing Office 5									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 6									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 7									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict B Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict C									
Local Housing Office 8									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 9									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Voucher Transactions Status Report

For the Period 99.99.9999 to 99.99.9999

		Number of Applications			Number of Vouchers			Number of Purchases	
	YTD	Current	Total	YTD	Current	Total	YTD	Current	Total
Local Housing Office 10									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict C Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
otal All Districts	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Voucher Totals Report
For the Period Ending 99.99.9999

		Total Cards	Total Number of Vouchers	Total Number of Units Purchased	Total Squ. Meters Purchased	Number of Vouchers Current
District A						
	Local Housing Office 1					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 2					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 3					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 4					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District A Subtotals		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District B						
	Local Housing Office 5					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 6					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 7					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District B Subtotals		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District C						
	Local Housing Office 8					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 9					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Voucher Totals Report
For the Period Ending 99.99.9999

	Total Cards	Total Number of Vouchers	Total Number of Units Purchased	Total Squ. Meters Purchased	Number of Vouchers Current
Local Housing Office 10					
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict C Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
otal All Districts	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Section 5.0 Processing Requirements

The National Housing Board will issue Popular Capital Vouchers (Yellow Cards) which will be distributed to counties across Estonia. The county completes Form 1P, the list of Offices Issuing Popular Capital Voucher Cards, and distributes the Yellow Cards to the Local Housing Offices. The SCC receives Form 1P from the counties and enters the data into the Housing Voucher Manager. This is a record of those entities which are eligible to issue Popular Capital Voucher Cards.

Eligible individuals go to their Local Housing Office and present identification, establishing identity. The Local Housing Office records the identity information on the Popular Capital Voucher Card, and issues the card to the individual after recording the application information also on Forms 2aP and 2P. Form 2aP is sent on to a Notary Public while Form 2P is sent to a Local Self Government entity.

The issuance of the Popular Capital Voucher Card and recording of the application information establishes the individual's housing voucher account. The information collected includes name, personal identification code, date of residence in Estonia, sex, year of birth, number of children, and the registration number of the card issued. In those offices where PCs exist, this information will be entered directly into the Housing Voucher Manager, establishing the individual's account. In those offices without PCs, the information will be sent to a local government office where it will be entered into the Housing Voucher Manager. Should no such office exist, the information will be sent to the SCC for input.

The individual collects information required on the card from his or her employer and social welfare office. In general, this information is the number of years the individual served in any of 13 categories. These are the years which are subsequently converted into Housing Voucher Points. After the individual collects the required information and has it notarized by a Notary Public, the completed card is presented to the Local Housing Office. The Local Housing Office awards a certain number of Housing Voucher Points. At this time, the individual will receive one Housing Voucher Point for each year served. Depending upon the availability of PCs, a summary of the information collected - total number of years claimed - is either entered into the Housing Voucher Manager here, sent to the Local Self-Government, sent to the cognizant County, or passed on to the SCC.

Once the Housing Voucher Points are awarded to the individual, he or she is free to give and receive gifts of voucher points from close relatives. These transactions are similarly recorded on the Popular Capital Voucher Card or Additional Card should the space on the Yellow Card be exhausted. This information is entered into the Housing Voucher Manager wherever automated equipment exists.

Once the individual elects to "purchase" housing with vouchers, a State approved valuer examines the premises of the individual's housing and establishes a "value" for the residence which is represented in terms of square meters or voucher points. Once the

value has been established, the individual may apply all required voucher points to the purchase of the residence, pay for some amount in cash, or pay for some amount in other securities to be defined by the State. Any residual balances of voucher points may be converted to Popular Capital Obligation Bonds which are still be defined. These bonds are expected, though, to have some defined value and to be tradable in the secondary market.

The system design presented in this design meets these requirements. Where PCs are available, the Housing Voucher Manager will allow the user to enter the individual's application into an R01INDIV record. The content of this record may be forwarded to the central database residing at the SCC to establish the individual's account. Alternatively, either the county seat or the SCC can enter the individual's application into a copy of the system residing at either of those two points. As said, this application procedure establishes the individual's account and allows the authorities to begin tracking the progress of the individual's housing claim through the voucher privatization process.

After the individual collects information concerning his or her number of years in service according to the categories found on the Yellow Card, the system user at either the local housing office, county seat or SCC can retrieve the individual's record, verify the identity of the person and complete the application record. This will mean completing the R01INDIV record and perhaps recording a number of gift transactions in R05TRANS. Finally, in the future, the user may also associate a R06CONVE record or R07AGVOU record with the individual's record should that be required.

Section 6.0 Other Considerations

A number of issues should be addressed as the Housing Voucher Manager is developed and as we consider the development of additional systems and interfaces. Most of these issues have been discussed previously with the SCC. We recommend that the SCC take this opportunity to begin making progress in addressing these issues.

Testing

The Housing Voucher Manager - and other products generated by the SCC - need to be thoroughly tested prior to implementation. Nothing hurts the credibility of a software producer as much as fielding a system that features embarrassing problems. All too often, testing is left to the programmers. However, programmers know their work too well to view it objectively. The software should, therefore, also be tested by individuals not familiar with the operation of the software.

The SCC should develop a plan for testing of the software and assign a few individuals to review the product as it is readied for implementation. These individuals should evaluate the extent to which the system functions correctly, prompts are simple and sensible, and expected results are produced. On the basis of this testing, the SCC should declare the software to be acceptable. A Deloitte & Touche representative should conduct testing at this point for final acceptance.

Implementation

Even with careful planning, implementation of software systems is a difficult process. The lack of certainty surrounding the implementation of the Housing Voucher Manager makes planning very important. The SCC should generate an implementation plan considering at least the following questions:

- Which sites are automated and which are not?
- For those automated sites, what equipment exists and is there sufficient capacity?
- What is the expected volume of data expected from each site?
- Who will install the software and verify correct operation?
- What will be the schedule of automation?
- Which sites will be implemented in which order and why?
- Who will be responsible for the system's operation in each site?
- How often will data be submitted to the SCC?
- Who will correct errors identified during operation?
- What procedures exist for error correction?

A Deloitte & Touche representative can assist the SCC in this process by reviewing any implementation plan generated by the SCC.

Training

The best guarantee that implementation of the system will be successful is a thoroughly trained user population. The SCC should develop a training plan and curriculum that will ensure effective and efficient training. Questions the SCC should consider include:

- Who will be trained and by whom?
- How will the classes be conducted?
- How many days or hours should be allocated to training?
- Where will training take place?
- Should the SCC take all user questions in the future or should people be trained in each county to support the local housing offices? (This, of course, depends upon the extent to which a county is automated.)
- Will a training database be created?
- What materials will the SCC provide to the students during class to take away with them afterwards?
- What User Documentation will the SCC produce?

A Deloitte & Touche representative can assist in this process by reviewing any materials generated by the SCC.

System Documentation

Although the Design Document provides much of the documentation found in a System Documentation manual, the SCC should keep this material up to date as the Housing Voucher Manager changes in the months ahead. In particular, the SCC should ensure that all programming specifications are kept up to date, all volume estimates are accurate, and that the text of this document accurately reflect the processing of Housing Vouchers. One individual in the SCC should be given the responsibility of ensuring that all information describing the Housing Voucher Manager in this Design Document be kept current.

Size of Housing Voucher Population

It is not clear at this point how many individuals will submit applications for housing voucher cards at which local housing offices. For these reasons, it is difficult to estimate which sites will require additional resources in terms of automation support (i.e. PCs) and data entry support. Obviously, low volume sites should be a lower priority than high volume sites when allocating automation equipment. Attention should be given at this point to the expected size of the application population by county and by local housing office. It may be possible to temporarily reallocate equipment to record as many applications as possible during the early stages of housing privatization. Otherwise, serious consideration should be given to the number of individuals that may be required to perform data entry in other sides such as the SCC.

For those sites supported by automated equipment, the volume question extends to such matters as how much disk storage is required at any given site and how many diskettes a particular housing office requires to submit its data to the SCC.

Assume, for example, a housing office handling 10,000 applications. Given the size estimates shown in Appendix D, a total of 4 MB would have to be transferred from the housing office to the SCC. This would require 3 high-density 3.25 inch diskettes per submission, assuming complete replacement of a housing office's portfolio in the SCC database. Obviously, this also assumes the presence of a high-density 3.25 inch drive in the housing office computer.

Therefore, it makes sense that the SCC spend time at this point to get a sense for where people will make applications and how many of these applications there will be.

Housing Purchase Module

Work is underway at this point on the design of a Housing Purchase Module. However, it is not clear how much information should be included in the Module. The SCC and the National Housing Board have quite different needs for Housing Purchase information. A key question to be considered before work progresses too far is whether the SCC will undertake to meet the National Housing Board's need for Housing Purchase information or leave that to the National Statistics Bureau.

Deloitte & Touche recommends that the National Housing Board's need for Housing Purchase information be satisfied through the Housing Voucher Manager.

Information Use

At this point, there is no clear user of information generated by the Housing Voucher Manager other than the SCC. There are certainly potential users of the system. The National Housing Board is a good potential user of information generated by the Housing Voucher Manager. The National Housing Board is inclined at this point to accept information from the State Statistics Bureau on a bi-annual basis, but could easily become a user of the Housing Voucher Manager given the opportunity to do so. Once the Voucher Totals Report and Voucher Transactions Status Report are completed and generating useful information, copies should be provided to the National Housing Board for comment. The SCC could then undertake to create other reports of interest to the National Housing Board. By providing consistent information of high quality on a regular and as-needed basis, the SCC could easily become the preferred provider of Housing Privatization data.

Although not so clearly one, the DSP is a user of Housing Privatization information. As the organ of State responsible for small and medium privatization, the DSP may be required to possess and manage information about the status and progress of Housing Privatization in Estonia. The SCC could provide an effective supporting role to the DSP in this way.

Finally, Housing Privatization is an issue of some interest to members of the Parliament. It makes sense for the SCC to identify those members with the greatest positive interest in the process of Housing Privatization and undertake to meet their information needs.

We recommend that the SCC begin expanding its contacts with the National Housing Board, the DSP, and members of Parliament to:

① To guage the current level of interest in information from the Housing Voucher Manager
② To increase that level of interest by educating interested parties
③ To obtain comments to improve Housing Voucher Manager products
④ To expand the audience for Housing Voucher Manager products.

Interfaces

There are two obvious candidates for interface with the Housing Voucher Manager. The first is the National Registry. Several individuals with whom we spoke during requirements assessment and design expressed doubts about the integrity of the National Registry. Much of the material, they said, was old and not dependable. The Housing Voucher Manager will maintain the latest information, albeit limited, concerning citizens of Estonia. It is possible to establish an interface that would enable the Housing Voucher Manager to update certain fields in the National Registry.

At the same time, the National Registry offers an opportunity for error checking and preventing fraudulent applications from being processed in the Housing Voucher Manager. If, for example, the National Registry and Housing Voucher Manager have the same personal code for an individual, all parties could conclude that both databases are correct for this record. If they are different, either the National Registry is incorrect or the Housing Manager is incorrect or both. This discrepancy provides an opportunity to verify the data submitted to the Local Housing Office.

We recommend that the SCC take the initial step of comparing data stored in the Housing Voucher Manager with that stored in the National Registry, and to explore with the managers of the National Registry ways to share information should that be possible.

The second system providing a possible interface opportunity for the Housing Voucher Manager is the Housing Register. Since the Housing Voucher Manager will include purchases at some point, it makes very good sense to use the resources of the Housing Register to develop the best statistics about Housing Privatization.

We recommend that the SCC keep the National Housing Board informed of all major developments with the Housing Voucher Manager, and submit copies of reports generated by the system for the Board's review, comment, and use. We also recommend that the SCC work with the National Housing Board to explore the prospects for interface with the Housing Registry.

Appendix A Data Dictionary

Housing Voucher System
Data Dictionary

The Housing Voucher System (HVS) is designed to collect information useful for the management of the Estonian housing voucher program. It is also designed to function as a part of an overall voucher system yet to be designed called the Automated Voucher System (AVS). The AVS is currently conceived as an integrated system managing information about Housing Vouchers, Compensation Vouchers, and other programs to be decided.

At the current time, the HVS is designed only to support the collection of information for future processing. Information to be collected is found on the Popular Capital Obligation Card or "Yellow" Card, the Additional Card (Lisakaart), the Registry of Capital Voucher recipients, and the List of Voucher Card Issuers. The data, as described in this document, is extracted from these source documents.

The HVS is designed to accept information at either the local housing office sites where the Yellow cards will be submitted, the county (Maakond) offices, or the State Computer Center. The HVS data dictionary is constructed in such a way as to support needs for either detailed or summary information in any of these sites. As currently described, the HVS is supported by two main database tables. They are R01INDIV and R05TRANS. Also, a number of code tables have been defined.

The data table R01INDIV is designed to capture information on the individual to whom the Yellow card is issued. Basic information such as the individual's name, National Registry number, data of birth, and sex is collected here. This data table also functions as the "parent" for all other tables in the HVS. The other data tables are either "children" or "grandchildren" of this table. In practical terms, this means that the user generally obtains access to housing voucher information by first obtaining the identity of the individual owning the Yellow card. Having first obtained ownership, the user may access certain details pertaining to the Yellow card or any additional information. The table also captures information from the Yellow card. This information includes the Card Number, the identity of the issuer, and summary information concerning total years claimed by the individual. In summary, this data table is designed to allow the user to quickly enter information from the individual's application prior to collection of information about the years worked by the individual.

The code table R02HOUSI provides validation support and decode information on the identity and various characteristics of the Issuing Office. This is an office which has the authority to issue Popular Capital Obligation Vouchers to the public.

The system table R03MAHA provides archive support to R01INDIV. A copy of each R01INDIV that is cancelled or deleted is maintained in R03MAHA to provide an audit trail.

The code table R04TYPLOC provides validation support and decode information on the Types of Local Housing Offices.

The data table R05TRANS is designed to collect information about the various voucher transactions that will occur. These transactions include gifts of years as well as inheritance. This table contains information such as the identity of the other party concerned, and whether this transaction represents a debit or credit to the individual's voucher account. Since the information on the back of the Yellow Card is identical to the information found on the Additional Card, all this data is stored together in this file. However, certain key information which distinguishes the source of the information will also be maintained so that it is clear which transactions were recorded on the back of the Yellow Card and which were recorded on Additional Cards.

The data table R06CONVE is designed to collect information about transactions in which the individual converts his Housing Vouchers into a still to be defined security. This table captures the value of the vouchers converted into such a security and identity of the issuing entity.

The data table R07AGVOU is designed to collect information about transactions in which the individual converts his Agricultural Vouchers into Housing Vouchers. It contains basic information about approving authorities, the name of the collective farm, and the value of vouchers converted.

The code table R08TERRI is designed to provide decode and validation support for the names of Maakonds and Valds.

The code table R09TXNTP is designed to provide decode and validation support for the types of transactions that can be recorded in R05TRANS.

In the Data Dictionary that follows, we provide details about each of the data elements planned for the Housing Voucher System. For each data element we provide the following information:

Long Name:	This is an English name for the data element.
Estonian Name:	This is the Estonian name taken from a source document.
Data Name:	This is the name of the element as it will appear in the software.
Field Description:	A short description of the data element.
Field Type:	Whether the element is alphabetic, numeric, etc.
Field Length:	The length of the element in bytes.
Range of Values:	General edit criteria for the element.
Source Documents:	Forms from which this element was collected.
Outputs:	Screens and reports in which the element appears.
Comments:	Any additional information of interest.

R01INDIV

This data table is intended to capture information concerning the identity of the individual making a claim for Housing Privatization. This is the parent record to all other records in the database. It is meant to "organize" not only the Housing Voucher Manager, but the Restitution and Compensation Managers as well.

Long Name:	Date of Birth
Estonian Name:	Sunni aasta
Data Name:	E01DATBIR
Field Description:	This is the year of birth of the individual receiving the card.
Field Type:	Date
Field Length:	4
Range of Values:	Must be a valid year.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Changed to 4 digits per SCC request 7.10.92.**

Long Name:	Date of Death
Estonian Name:	Surma aasta
Data Name:	E01DATDEA
Field Description:	This is the year of death of the individual who received a card.
Field Type:	Date
Field Length:	4
Range of Values:	Must be a valid year.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Changed to 4 digits per SCC request 7.10.92.**

Long Name:	Date of Residence
Estonian Name:	Eestis Alaliselt Elanud Alates
Data Name:	E01DATRES
Field Description:	The date from which the individual began living in the Estonian Republic.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P

Long Name:	Family Name
Estonian Name:	Perekonnanimi
Data Name:	E01FAMNAM
Field Description:	This is the family name of the individual.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	Can have any alphanumeric value.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P

Long Name:	First Name
Estonian Name:	Eesnimi
Data Name:	E01FIRNAM
Field Description:	This is the first name of the individual.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	Can have any alphanumeric value.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P

Long Name:	Number of Children
Estonian Name:	Laste Arv (Numbritega)
Data Name:	E01NUMCHI
Field Description:	The number of children the individual currently has.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P

Long Name:	Personal Code
Estonian Name:	Isikukood
Data Name:	E01PERCOD
Field Description:	This is the code found on the individual's Estonian passport or identification certificate. This field should be validated by some interface between the Voucher system and the system of National Registry.
Field Type:	Numeric
Field Length:	11
Range of Values:	Must be a valid Personal Code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Not mandatory. Only 10% of the population is expected to have a code.**

Long Name:	Sex
Estonian Name:	Sugu
Data Name:	E01SEX
Field Description:	This is the sex of the person receiving a card.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	M - Mees (Male) F - Naine (Female)
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	**

Long Name:	Compensation Voucher Code
Estonian Name:	
Data Name:.	E01COMVOU
Field Description:	This is the code associated with the compensation voucher to be implemented at a later date.
Field Type:	Numeric
Field Length:	11
Range of Values:	Must be a valid compensation voucher code.
Source Documents:	To be Determined.
Output Forms:	To be Determined.
Comments:	**This field will be used to link R01INDIV to the Compensation Voucher Manager expected to be designed and implemented in the ESCC sometime in 1993.**

Long Name:	Card Registration Number
Estonian Name:	(Kaardi Registreerimisnumber)
Data Name:	E01CARREG
Field Description:	This is the registration number from the front of the Popular Capital Obligation Card (Item #1). It is composed of a two digit code representing the originating district or town, a one digit code representing the kind of housing authority, a two digit number identifying the housing office, a five digit sequence number, and a single digit indicating the kind of card being issued. This number is assigned at the time of application.
Field Type:	Numeric
Field Length:	11
Range of Values:	Positions 1-2: Must be a valid district/town code. This field is validated by the field MAA in the table R08TERRI. Position 3: Must be a valid housing authority type code. This field is validated by the field E04TYPLOC in the table R04TYPLOC. Positions 4-5: Must be a value between 00 and 99. Positions 6-10: Must be a value between 00000 and 99999. Position 11: Must be a valid card type code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P
Comments:	**Linked code table to elements of Card Registration Number December 11, 1992.**

Long Name:	Current Voucher Balance
Estonian Name:	**
Data Name:	E01CURVOU
Field Description:	This is the individuals current balance of Vouchers..
Field Type:	Numeric
Field Length:	3
Range of Values:	Number be a valid integer.
Source Documents:	System generated.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Original Voucher Points
Estonian Name:	**
Data Name:	E01ORIGVOU
Field Description:	This is the original number of vouchers awarded to the individual based upon the number of years worked. This allows for the possibility that some coefficient may be applied to the actual number of years to generate number of vouchers awarded.

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Field Type:	Numeric
Field Length:	3
Range of Values:	Number be a valid integer.
Source Documents:	Total number of years worked plus any allowance.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Housing Purchase Indicator
Estonian Name:	**
Data Name:	E01PURIND
Field Description:	This is indicator records the fact that vouchers were used by this individual to purchase a house or apartment. It is not used for those individuals who contribute their vouchers in any way to another individual. Only the individual whose voucher balance is being applied towards housing should have this indicator set.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	Must be equal to "Y" or "N"
Source Documents:	None.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Square Meters Purchased
Estonian Name:	**
Data Name:	E01SQUMTR
Field Description:	This is the total number of square meters purchased by this individual with his or her housing vouchers.
Field Type:	Numeric
Field Length:	5 (999.99)
Range of Values:	Must be a valid number.
Source Documents:	None.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Date PCO Card Issued
Estonian Name:	Arvestuskaardi valjastamise kuupaev
Data Name:	E01DATCAR
Field Description:	This is the date that the card was issued to the individual.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date between 01 01 1992 to present.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Used for selection in 2P. Used for selection in Voucher Totals Report Used for selection in Voucher Transaction Report.

Long Name:	Issuing Entity Number
Estonian Name:	Nr.
Data Name:	E01ISSNUM
Field Description:	This is the number which identifies the entity which issued the housing voucher card.
Field Type:	Numeric
Field Length:	6
Range of Values:	Must be a valid number as validated by the code table field E02ISSNUM in code table R02HOUSI.
Source Documents:	List of Card Issuers (Arvestuskaarte Valjastavate alluksuste nimekiri)
Output Forms:	Form 1P

Comments:	**Changed to 6 digits per client request 7.10.92.**

Long Name:	Page Number
Estonian Name:	Leht
Data Name:	E01PAGNUM
Field Description:	This is the number of the page in which this entry was listed on the Registration List of National Capital Voucher Accounting Cards.
Field Type:	Numeric
Field Length:	4
Range of Values:	Number be a valid integer.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)

Long Name:	Page Number 3
Estonian Name:	Leht
Data Name:	E01PAGNUM3
Field Description:	This is the number of the page in which this entry was listed on Form Number 3.
Field Type:	Numeric
Field Length:	4
Range of Values:	Number be a valid integer.
Source Documents:	Form Number 3

Long Name:	Reporting Period
Estonian Name:	Aruandeperiood
Data Name:	E01REPPER
Field Description:	This is the reporting period for Form 2.
Field Type:	Numeric
Field Length:	5
Range of Values:	Must be a valid reporting period.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2

Long Name:	Reporting Period 3
Estonian Name:	Aruandeperiood
Data Name:	E01REPPER3
Field Description:	This is the reporting period for Form 3.
Field Type:	Numeric
Field Length:	5
Range of Values:	Must be a valid reporting period.
Source Documents:	Form Number 3
Output Forms:	Form 3

Long Name:	Sequence Number
Estonian Name:	Jrk. Nr.
Data Name:	E01SEQNUM
Field Description:	This is the sequence number representing the order in which this entry was listed on the Registration List of National Capital Voucher Accounting Cards.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid integer.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	**

Long Name:	Sequence Number 3
Estonian Name:	Jrk. Nr.
Data Name:	E01SEQNUM3
Field Description:	This is the sequence number representing the order in which this entry was listed on

	Form 3.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid integer.
Source Documents:	Form 3
Output Forms:	Form 3

Long Name:	Total Years Worked
Estonian Name:	Tooaastate Kogusumma
Data Name:	E01TOTYEA
Field Description:	This is the total number of years the individual worked rounded into whole numbers.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	Summed in Voucher Totals Report Summed in Voucher Transactions Status Report

Long Name:	Total Years Worked Including Years on Collective Farms
Estonian Name:	Tooaastad Uhismajandis
Data Name:	E01YEAFAR
Field Description:	This is the total number of years worked, including the total number of years the individual spend working on a collective farm, rounded into whole numbers.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	Summed in Voucher Totals Report Summed in Voucher Transactions Status Report

Long Name:	Date of Last Update
Estonian Name:	
Data Name:	E01DATUPD
Field Description:	This is the date the record was written to the database or last updated.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Date of Last Update - Form 2
Estonian Name:	
Data Name:	E01KUUP2
Field Description:	This is the date Form 2 was written to the database or last updated.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Date of Last Update - Form 3
Estonian Name:	
Data Name:	E01KUUP3
Field Description:	This is the date Form 3 was written to the database or last updated.
Field Type:	Date

Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Agricultural Voucher Indicator
Estonian Name:	
Data Name:	E01TUNNUS
Field Description:	This flag indicates whether the individual possessed any agricultural vouchers.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	Must be equal to "X" or blanks.
Source Documents:	Form 3
Output Forms:	None
Comments:	

Source Documents:
Output Forms: Form 1P

Long Name: Issuing Entity Telephone
Estonian Name:
Data Name: E02ISSTEL
Field Description: This field provides the telephone number associated with the Issuing Entity Identifier. This number appears on output forms and output screens when a valid E02ISSNUM is provided by the user.
Field Type: Alphabetic
Field Length: 6
Range of Values: Contains alpha-numeric data.
Source Documents:
Output Forms: Form 1P

Long Name: Housing Authority Type Code
Estonian Name:
Data Name: E02TYPLOC
Field Description: This field is validated by the value of E04TYPLOC in table R04TYPLOC.
Field Type: Numeric
Field Length: 1
Range of Values:
Source Documents:
Output Forms:

Long Name: Date of Last Update
Estonian Name:
Data Name: E02KUUP
Field Description: This is the date when the record was written or last updated by a user.
Field Type: Date
Field Length: 8
Range of Values: Must be a valid date.
Source Documents: System generated.
Output Forms: None

Long Name: Vald Number
Estonian Name:
Data Name: E02VALNUM
Field Description: This is the code for the Vald where the Issuing Office is located.
Field Type: Numeric
Field Length: 3
Range of Values: Must be a valid vald number. It is validated by the field VALD in table R08TERRI.
Source Documents: None
Output Forms: None

Long Name: Issuing Office Sequence Number
Estonian Name:
Data Name: E02EVNR
Field Description: This is the sequence number of the Issuing Office from Form 1 which lists those Issuing Offices eligible to issue Popular Capital Obligation Vouchers.
Field Type: Numeric
Field Length: 2
Range of Values: May be any integer.
Source Documents: Form 1
Output Forms: None

R02HOUSI

Long Name:	Issuing Entity Identifier
Estonian Name:	
Data Name:	E02ISSNUM
Field Description:	This field validates the value entered for Issuing Entity Number in the Voucher system. This Issuing Entity is an Office which has authority to issue Popular Capital Obligation Cards. Appears in R01INDIV.
Field Type:	Numeric
Field Length:	8
Range of Values:	Contains alpha-numeric data.
Source Documents:	
Output Forms:	Form 1P

Long Name:	Issuing Entity County
Estonian Name:	
Data Name:	E02NAMCOU
Field Description:	This field provides the identity of the County in which this issuing entity is located. It is validated by the field MAA in code table R08TERRI.
Field Type:	Alphabetic
Field Length:	2
Range of Values:	Contains numeric.
Source Documents:	
Output Forms:	
Comments:	**Assists with the processing of Form 1P.**

Long Name:	Issuing Entity Name
Estonian Name:	
Data Name:	E02ISSNAM
Field Description:	This field provides the long name associated with the Issuing Entity Identifier. The name appears on output forms and output screens when a valid E02ISSNUM is provided by the user.
Field Type:	Alphabetic
Field Length:	40
Range of Values:	Contains alpha-numeric data.
Source Documents:	
Output Forms:	Form 1P

Long Name:	Issuing Entity Address
Estonian Name:	
Data Name:	E02ISSADDR
Field Description:	This field provides the address associated with the Issuing Entity Identifier. The address appears on output forms and output screens when a valid E02ISSNUM is provided by the user.
Field Type:	Alphabetic
Field Length:	40
Range of Values:	Contains alpha-numeric data.
Source Documents:	
Output Forms:	Form 1P

Long Name:	Issuing Entity Contact Name
Estonian Name:	
Data Name:	E02ISSCON
Field Description:	This field provides the name of a Contact in the Issuing Office. This name appears on output forms and output screens when a valid E02ISSNUM is provided by the user.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	Contains alpha-numeric data.

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R03MAHA

This data table is intended to capture information about R01INDIV records which were deleted from active storeage based upon cancellation via Form 2A. It is an exact copy of the deleted record maintained for the life of the Housing Voucher program.

Long Name:	Date of Birth
Estonian Name:	Sunni aasta
Data Name:	E03DATBIR
Field Description:	This is the year of birth of the individual receiving the card.
Field Type:	Date
Field Length:	4
Range of Values:	Must be a valid year.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsiconide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Changed to 4 digits per SCC request 7.10.92.**

Long Name:	Date of Death
Estonian Name:	Surma aasta
Data Name:	E03DATDEA
Field Description:	This is the year of death of the individual who received a card.
Field Type:	Date
Field Length:	4
Range of Values:	Must be a valid year.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Changed to 4 digits per SCC request 7.10.92.**

Long Name:	Date of Residence
Estonian Name:	Eestis Alaliselt Elanud Alates
Data Name:	E03DATRES
Field Description:	The date from which the individual began living in the Estonian Republic.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P

Long Name:	Family Name
Estonian Name:	Perekonnanimi
Data Name:	E03FAMNAM
Field Description:	This is the family name of the individual.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	Can have any alphanumeric value.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P

Long Name:	First Name
Estonian Name:	Eesnimi
Data Name:	E03FIRNAM
Field Description:	This is the first name of the individual.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	Can have any alphanumeric value.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P

Long Name:	Number of Children
Estonian Name:	Laste Arv (Numbritega)
Data Name:	E03NUMCHI
Field Description:	The number of children the individual currently has.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P

Long Name:	Personal Code
Estonian Name:	Isikukood
Data Name:	E03PERCOD
Field Description:	This is the code found on the individual's Estonian passport or identification certificate. This field should be validated by some interface between the Voucher system and the system of National Registry.
Field Type:	Numeric
Field Length:	11
Range of Values:	Must be a valid Personal Code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2P
Comments:	**Not mandatory. Only 10% of the population is expected to have a code.**

Long Name:	Sex
Estonian Name:	Sugu
Data Name:	E03SEX
Field Description:	This is the sex of the person receiving a card.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	M - Mees (Male) F - Naine (Female)
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	**

Long Name:	Compensation Voucher Code
Estonian Name:	
Data Name:	E03COMVOU
Field Description:	This is the code associated with the compensation voucher to be implemented at a later date.
Field Type:	Numeric
Field Length:	11
Range of Values:	Must be a valid compensation voucher code.
Source Documents:	To be Determined.
Output Forms:	To be Determined.
Comments:	**This field will be used to link R01INDIV to the Compensation Voucher Manager expected to be designed and implemented in the ESCC sometime in 1993.**

Long Name:	Date of Last Update
Estonian Name:	
Data Name:	E03DATUPD
Field Description:	This is the date the record was written to the database or last updated.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Card Registration Number
Estonian Name:	(Kaardi Registreerimisnumber)
Data Name:	E03CARREG
Field Description:	This is the registration number from the front of the Popular Capital Obligation Card (Item #1). It is composed of a two digit code representing the originating district or town, a one digit code representing the kind of housing authority, a two digit number identifying the housing office, a five digit sequence number, and a single digit indicating the kind of card being issued. This number is assigned at the time of application.
Field Type:	Numeric
Field Length:	11
Range of Values:	Positions 1-2: Must be a valid district/town code. This field is validated by the field MAA in the table R08TERRI. Position 3: Must be a valid housing authority type code. This field is validated by the field E04TYPLOC in the table R04TYPLOC. Positions 4-5: Must be a value between 00 and 99. Positions 6-10: Must be a value between 00000 and 99999. Position 11: Must be a valid card type code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P
Comments:	**Linked code table to elements of Card Registration Number December 11, 1992.**

Long Name:	Current Voucher Balance
Estonian Name:	**
Data Name:	E03CURVOU
Field Description:	This is the individuals current balance of Vouchers..
Field Type:	Numeric

Field Length:	3
Range of Values:	Number be a valid integer.
Source Documents:	System generated.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Original Voucher Points
Estonian Name:	**
Data Name:	E03ORIGVOU
Field Description:	This is the original number of vouchers awarded to the individual based upon the number of years worked. This allows for the possibility that some coefficient may be applied to the actual number of years to generate number of vouchers awarded.
Field Type:	Numeric
Field Length:	3
Range of Values:	Number be a valid integer.
Source Documents:	Total number of years worked plus any allowance.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Housing Purchase Indicator
Estonian Name:	**
Data Name:	E03PURIND
Field Description:	This is indicator records the fact that vouchers were used by this individual to purchase a house or apartment. It is not used for those individuals who contribute their vouchers in any way to another individual. Only the individual whose voucher balance is being applied towards housing should have this indicator set.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	Must be equal to "Y" or "N"
Source Documents:	None.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Square Meters Purchased
Estonian Name:	**
Data Name:	E03SQUMTR
Field Description:	This is the total number of square meters purchased by this individual with his or her housing vouchers.
Field Type:	Numeric
Field Length:	5 (999.99)
Range of Values:	Must be a valid number.
Source Documents:	None.
Output Forms:	Summarized in Voucher Totals Report.

Long Name:	Date PCO Card Issued
Estonian Name:	Arvestuskaardi valjastamise kuupaev
Data Name:	E03DATCAR
Field Description:	This is the date that the card was issued to the individual.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date between 01 01 1992 to present.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Used for selection in 2P. Used for selection in Voucher Totals Report Used for selection in Voucher Transaction Report.

Long Name:	Issuing Entity Number

Estonian Name:	Nr.
Data Name:	E03ISSNUM
Field Description:	This is the number which identifies the entity which issued the housing voucher card.
Field Type:	Numeric
Field Length:	6
Range of Values:	Must be a valid number as validated by the code table field T02ISSID in code table T02ISSUE.
Source Documents:	List of Card Issuers (Arvestuskaarte Valjastavate alluksuste nimekiri)
Output Forms:	Form 1P
Comments:	**Changed to 6 digits per client request 7.10.92.**

Long Name:	Page Number
Estonian Name:	Leht
Data Name:	E03PAGNUM
Field Description:	This is the number of the page in which this entry was listed on the Registration List of National Capital Voucher Accounting Cards.
Field Type:	Numeric
Field Length:	4
Range of Values:	Number be a valid integer.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)

Long Name:	Page Number 3
Estonian Name:	Leht
Data Name:	E03PAGNUM3
Field Description:	This is the number of the page in which this entry was listed on Form Number 3.
Field Type:	Numeric
Field Length:	4
Range of Values:	Number be a valid integer.
Source Documents:	Form Number 3

Long Name:	Reporting Period
Estonian Name:	Aruandeperiood
Data Name:	E03REPPER
Field Description:	This is the reporting period for Form 2.
Field Type:	Numeric
Field Length:	5
Range of Values:	Must be a valid reporting period.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2

Long Name:	Reporting Period 3
Estonian Name:	Aruandeperiood
Data Name:	E03REPPER3
Field Description:	This is the reporting period for Form 3.
Field Type:	Numeric
Field Length:	5
Range of Values:	Must be a valid reporting period.
Source Documents:	Form Number 3
Output Forms:	Form 3

Long Name:	Sequence Number
Estonian Name:	Jrk. Nr.
Data Name:	E03SEQNUM
Field Description:	This is the sequence number representing the order in which this entry was listed on the Registration List of National Capital Voucher Accounting Cards.

Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid integer.
Source Documents:	Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	**

Long Name:	Sequence Number 3
Estonian Name:	Jrk. Nr.
Data Name:	E03SEQNUM3
Field Description:	This is the sequence number representing the order in which this entry was listed on Form 3.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid integer.
Source Documents:	Form 3
Output Forms:	Form 3

Long Name:	Total Years Worked
Estonian Name:	Tooaastate Kogusumma
Data Name:	E03TOTYEA
Field Description:	This is the total number of years the individual worked rounded into whole numbers.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	Summed in Voucher Totals Report Summed in Voucher Transactions Status Report

Long Name:	Total Years Worked Including Years on Collective Farms
Estonian Name:	Tooaastad Uhismajandis
Data Name:	E03YEAFAR
Field Description:	This is the total number of years worked, including the total number of years the individual spend working on a collective farm, rounded into whole numbers.
Field Type:	Numeric
Field Length:	2
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	Summed in Voucher Totals Report Summed in Voucher Transactions Status Report

Long Name:	Date of Last Update
Estonian Name:	
Data Name:	E03DATUPD
Field Description:	This is the date the record was written to the database or last updated.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Date of Last Update - Form 2
Estonian Name:	
Data Name:	E03KUUP2
Field Description:	This is the date Form 2 was written to the database or last updated.
Field Type:	Date

Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Date of Last Update - Form 3
Estonian Name:	
Data Name:	E03KUUP3
Field Description:	This is the date Form 3 was written to the database or last updated.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

Long Name:	Agricultural Voucher Indicator
Estonian Name:	
Data Name:	E03TUNNUS
Field Description:	This flag indicates whether the individual possessed any agricultural vouchers.
Field Type:	Alphabetic
Field Length:	1
Range of Values:	Must be equal to "X" or blanks.
Source Documents:	Form 3
Output Forms:	None
Comments:	

R04TYPLOC

Long Name:	Housing Authority Type Code
Estonian Name:	
Data Name:	E04TYPLOC
Field Description:	This field validates the value entered for Housing Authority Type in the Voucher System. It appears in R01INDIV.
Field Type:	Numeric
Field Length:	1
Range of Values:	1 - Elukohargne elamuorgan 2 - Ametkondlik majavaldaja 3 - Elemukooperatiiv 4 - Elukohajargne kohalik omavalitsus 9 - Muud
Source Documents:	
Output Forms:	

Long Name:	Housing Authority Type Name
Estonian Name:	
Data Name:	E04NAMLOC
Field Description:	This field provides the long name associated with Housing Authority Type Code.
Field Type:	Alphabetic
Field Length:	40
Range of Values:	1 - ELUKOHARGNE ELAMUORGAN 2 - AMETKONDLIK MAJAVALDAJA 3 - ELEMUKOOPERATIIV 4 - ELUKOHAJARGNE KOHALIK OMAVALITSUS 9 - MUUD
Source Documents:	
Output Forms:	

Long Name:	Date of Last Update
Estonian Name:	
Data Name:	E04DATUPD
Field Description:	This is the date when the record was written or last updated by a user.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None

R05TRANS

Long Name:	Card Registration Number
Estonian Name:	(Kaardi Registreerimisnumber)
Data Name:	E05CARREG
Field Description:	This is the registration number from the front of the Popular Capital Obligation Card (Item #1). It is composed of a two digit code representing the originating district or town, a one digit code representing the kind of housing authority, a two digit number identifying the housing office, a five digit sequence number, and a single digit indicating the kind of card being issued. This number is assigned at the time of application.
Field Type:	Numeric
Field Length:	11
Range of Values:	Positions 1-2: Must be a valid district/town code. This field is validated by the field MAA in the table R08TERRI. Position 3: Must be a valid housing authority type code. This field is validated by the field E04TYPLOC in the table R04TYPLOC. Positions 4-5: Must be a value between 00 and 99. Positions 6-10: Must be a value between 00000 and 99999. Position 11: Must be a valid card type code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P
Comments:	**Linked code table to elements of Card Registration Number December 11, 1992.**

Long Name:	Code of Other Party
Estonian Name:	Teise Osapoole Isikukood
Data Name:	E05CODOTH
Field Description:	This is the code of the individual from whom a gift or inheritance of voucher years is being received, or to whom a gift of voucher years if being given.
Field Type:	Numeric
Field Length:	11
Range of Values:	May be any numeric information. However, this information should match the code of the individual found on their basic information record.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive) Additional Card (Lisakaart)
Output Forms:	**

Long Name:	Credit/Debit Indicator
Estonian Name:	+/-
Data Name:	E05CREDEB
Field Description:	This indicates whether the transaction results in the addition of voucher years to the individual's voucher account, or in a subtraction of voucher years.
Field Type:	Special Character
Field Length:	1
Range of Values:	"+" - Add attached voucher years to individual's account "-" - Subtract attached voucher years from individual's account
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive) Additional Card (Lisakaart)

Output Forms:	**

Long Name:	Name of Other Party
Estonian Name:	Teise Osapoole Nimi
Data Name:	E05NAMOTH
Field Description:	This is the name of the individual from whom a gift or inheritance of voucher years is being received, or to whom a gift of voucher years is being given.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May be any alphanumeric information. However, this information should match the name of the individual found on their basic information record.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive) Additional Card (Lisakaart)
Output Forms:	**

Long Name:	Number of Years Transferred
Estonian Name:	Ulekantavad tooaastad
Data Name:	E05NUMTRA
Field Description:	This is the number of voucher years which are either credited to or debited from the individual's account.
Field Type:	Numeric
Field Length:	3
Range of Values:	Must be a valid number between 00 and 99.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive) Additional Card (Lisakaart)
Output Forms:	**

Long Name:	Type of Transaction
Estonian Name:	Tehingu Nimetus
Data Name:	E05TRATYP
Field Description:	This field identifies the kind of transaction which is resulting in a change to individual's balance of voucher years.
Field Type:	Alphabetic
Field Length:	3
Range of Values:	Will be validated by the code table field E09TXNCOD in table R09TXNTP.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive) Additional Card (Lisakaart)
Output Forms:	**

Long Name:	Transaction Date
Estonian Name:	**
Data Name:	E05TRADAT
Field Description:	This is the date of transaction represented by this record.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	Should be recorded into the system when the transaction is executed.
Output Forms:	Selection criteria for Voucher Totals Report Selection criteria for Voucher Transaction Status Report

Long Name:	Date of Last Update
Estonian Name:	Kuup
Data Name:	E05DATUPD
Field Description:	This is the date the record was written to the database or last updated.

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Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None
Comments:	Used to select records for upload to the SCC.

R06CONVE

Long Name:	Card Registration Number
Estonian Name:	(Kaardi Registreerimisnumber)
Data Name:	E06CARREG
Field Description:	This is the registration number from the front of the Popular Capital Obligation Card (Item #1). It is composed of a two digit code representing the originating district or town, a one digit code representing the kind of housing authority, a two digit number identifying the housing office, a five digit sequence number, and a single digit indicating the kind of card being issued. This number is assigned at the time of application.
Field Type:	Numeric
Field Length:	11
Range of Values:	Positions 1-2: Must be a valid district/town code. This field is validated by the field MAA in the table R08TERRI. Position 3: Must be a valid housing authority type code. This field is validated by the field E04TYPLOC in the table R04TYPLOC. Positions 4-5: Must be a value between 00 and 99. Positions 6-10: Must be a value between 00000 and 99999. Position 11: Must be a valid card type code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P
Comments:	**Linked code table to elements of Card Registration Number December 11, 1992.**

Long Name:	Date of Issue of Popular Capital Obligation
Estonian Name:	Vaijaandmise kuupaev
Data Name:	E06DATISS
Field Description:	This is the date of issue of Popular Capital Obligations in exchange for Housing Vouchers.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive)
Output Forms:	**

Long Name:	Name of Person Issuing Popular Capital Obligation
Estonian Name:	Nimi (ROVAI)
Data Name:	E06NAMPER
Field Description:	This is the name of the person issuing the Popular Capital Obligation in exchange for Housing Vouchers.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May contain any alphanumeric data.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive)
Output Forms:	**

Long Name:	Value of Popular Capital Obligation Issued
Estonian Name:	Valja antud rahvakapitali obligatsiooni vaartus
Data Name:	E06VALPOP
Field Description:	This is the value of the security generated when the individual converted his

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	Housing Vouchers to Popular Capital Obligations.
Field Type:	Numeric
Field Length:	6
Range of Values:	Must be a valid currency figure.
Source Documents:	Popular Capital Obligation Card - Backside (Rahvakapitali Obligatsiooni Arvestuskaart -Osakukaive)
Output Forms:	**

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R07AGVOU

Long Name:	Card Registration Number
Estonian Name:	(Kaardi Registreerimisnumber)
Data Name:	E07CARREG
Field Description:	This is the registration number from the front of the Popular Capital Obligation Card (Item #1). It is composed of a two digit code representing the originating district or town, a one digit code representing the kind of housing authority, a two digit number identifying the housing office, a five digit sequence number, and a single digit indicating the kind of card being issued. This number is assigned at the time of application.
Field Type:	Numeric
Field Length:	11
Range of Values:	Positions 1-2: Must be a valid district/town code. This field is validated by the field MAA in the table R08TERRI. Position 3: Must be a valid housing authority type code. This field is validated by the field E04TYPLOC in the table R04TYPLOC. Positions 4-5: Must be a value between 00 and 99. Positions 6-10: Must be a value between 00000 and 99999. Position 11: Must be a valid card type code.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart) Additional Card (Lisakaart) Registration List of National Capital Voucher Accounting Cards (Rahvakapitali Obligatsioonide Arvestuskaartide Registreerimisnimekiri)
Output Forms:	Form 2AP Form 2P
Comments:	**Linked code table to elements of Card Registration Number December 11, 1992.**

Long Name:	Date
Estonian Name:	**
Data Name:	E07DECDAT
Field Description:	This is the date of conversion of the individual's agricultural vouchers into housing vouchers.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	**

Long Name:	Name of Chairman of Reform Committee
Estonian Name:	Reformikomisjoni esimehe nimi
Data Name:	E07NAMCHA
Field Description:	This is the name of the Chairman of the cognizant Reform Committee.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May contain any alphanumeric data.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	**

Long Name:	Name of Collective Farm
Estonian Name:	Uhismajandi nimetus
Data Name:	E07NAMCOL
Field Description:	This is the name of the Collective Farm on which the individual worked.
Field Type:	Alphabetic

Field Length:	20
Range of Values:	May contain any alphanumeric data.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	**

Long Name:	Name of Secretary of Reform Committee
Estonian Name:	Reformikomisjoni sekretari nimi
Data Name:	E07NAMSEC
Field Description:	This is the name of the Secretary of the cognizant Reform Committee.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May contain any alphanumeric data.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	**

Long Name:	Name of Owner of Popular Voucher Obligation Card
Estonian Name:	Arvestuskaardi omaniku nimi
Data Name:	E07OWNPOP
Field Description:	This is the name of the owner of the Popular Voucher Obligation Card.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May contain any alphanumeric data.
Source Documents:	Popular Capital Obligation Card (Rahvakapitali Obligatsiooni Arvestuskaart)
Output Forms:	**

Long Name:	Value of Vouchers Converted
Estonian Name:	**
Data Name:	E07VALVOU
Field Description:	This is the number of years which were credited to the individual's housing vouchers balance.
Field Type:	Numeric
Field Length:	3
Range of Values:	Must be a valid currency figure.
Source Documents:	**
Output Forms:	**

R08TERRI

Long Name:	Record Code
Estonian Name:	Kood
Data Name:	KOOD
Field Description:	This field organizes the record.
Field Type:	Numeric
Field Length:	3
Range of Values:	Must be a valid vald code as provided by the Registrikeskus.
Source Documents:	
Output Forms:	

Long Name:	Name of the Vald
Estonian Name:	Nimi
Data Name:	NIMI
Field Description:	This field provides the long name associated with Vald Code.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May be any alphabetic value.
Source Documents:	
Output Forms:	

Long Name:	Vald Type
Estonian Name:	Tyyp
Data Name:	TYYP
Field Description:	This is a code for the type of vald.
Field Type:	Numeric
Field Length:	1
Range of Values:	May be any valid vald type.
Source Documents:	
Output Forms:	

Long Name:	Name of Vald type
Estonian Name:	Tnimi
Data Name:	TNIMI
Field Description:	This field provides the long name associated with Vald Type Code.
Field Type:	Alphabetic
Field Length:	7
Range of Values:	May be any alphabetic value.
Source Documents:	
Output Forms:	

Long Name:	Vald
Estonian Name:	Vald
Data Name:	VALD
Field Description:	This field provides the long name associated with Vald Code.
Field Type:	Alphabetic
Field Length:	3
Range of Values:	May be any alphabetic value.
Source Documents:	
Output Forms:	

Long Name:	Vnimi
Estonian Name:	Vnimi
Data Name:	VNIMI
Field Description:	This field provides the long name associated with Vald Code.
Field Type:	Alphabetic
Field Length:	20
Range of Values:	May be any alphabetic value.
Source Documents:	

Output Forms:

Long Name: Maa
Estonian Name: Maa
Data Name: MAA
Field Description: This field provides the long name associated with Vald Code.
Field Type: Alphabetic
Field Length: 2
Range of Values: May be any alphabetic value.
Source Documents:
Output Forms:

Long Name: Mnimi
Estonian Name: Mnimi
Data Name: MNIMI
Field Description: This field provides the long name associated with Vald Code.
Field Type: Alphabetic
Field Length: 25
Range of Values: May be any alphabetic value.
Source Documents:
Output Forms:

Long Name: Maeg
Estonian Name: Maeg
Data Name: MAEG
Field Description: This field provides the long name associated with Vald Code.
Field Type: Date
Field Length: 8
Range of Values: May be any alphabetic value.
Source Documents:
Output Forms:

Long Name: Muut
Estonian Name: Muut
Data Name: MUUT
Field Description: This field provides the long name associated with Vald Code.
Field Type: Alphabetic
Field Length: 1
Range of Values: May be any alphabetic value.
Source Documents:
Output Forms:

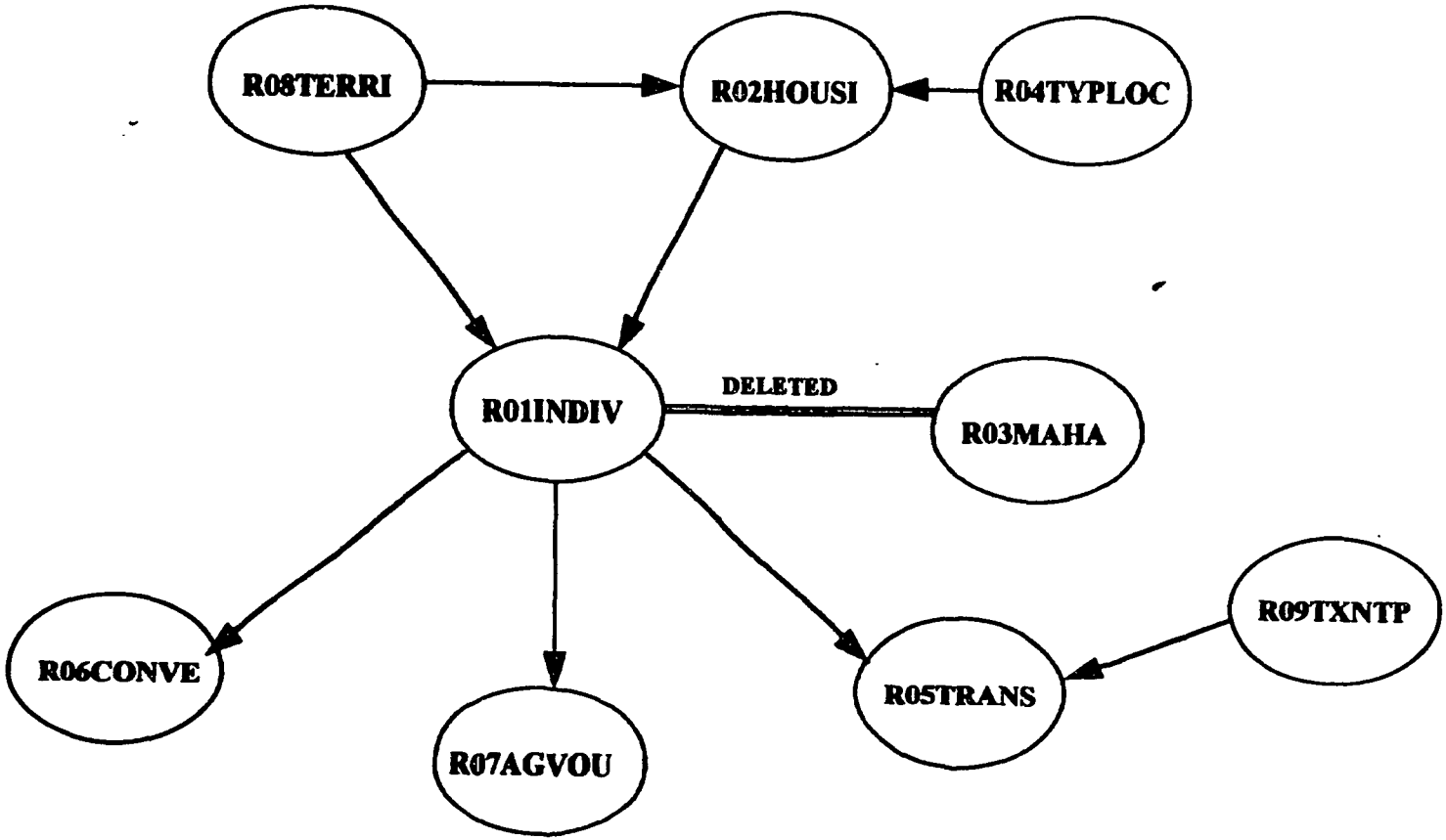
R09TXNTP

Long Name:	Type of Transaction
Estonian Name:	
Data Name:	E09TXNCOD
Field Description:	This field validates the value entered for Type of Transaction in the Voucher System. It appears in R05TRANS.
Field Type:	Numeric
Field Length:	2
Range of Values:	01 - Initial Voucher Point Award from State 02 - Gift to Card Holder 03 - Gift from Card Holder 04 - Inheritance to Card Holder 05 - Inheritance from Card Holder 06 - Housing Purchase
Source Documents:	
Output Forms:	

Long Name:	Name of Transaction
Estonian Name:	
Data Name:	E09TXNNAM
Field Description:	This field provides the long name associated with Type of Transaction.
Field Type:	Alphabetic
Field Length:	40
Range of Values:	INITIAL VOUCHER POINT AWARD FROM STATE GIFT TO CARD HOLDER GIFT FROM CARD HOLDER INHERITANCE TO CARD HOLDER INHERITANCE FROM CARD HOLDER HOUSING PURCHASE
Source Documents:	
Output Forms:	

Long Name:	Date of Last Update
Estonian Name:	
Data Name:	E09DATUPD
Field Description:	This is the date when the record was written or last updated by a user.
Field Type:	Date
Field Length:	8
Range of Values:	Must be a valid date.
Source Documents:	System generated.
Output Forms:	None

Appendix B Database Diagram


R08TERRI
R02HOUSI
R04TYPLOC
R01INDIV
DELETED
R03MAHA
R06CONVE
R07AGVOU
R05TRANS
R09TXNTP

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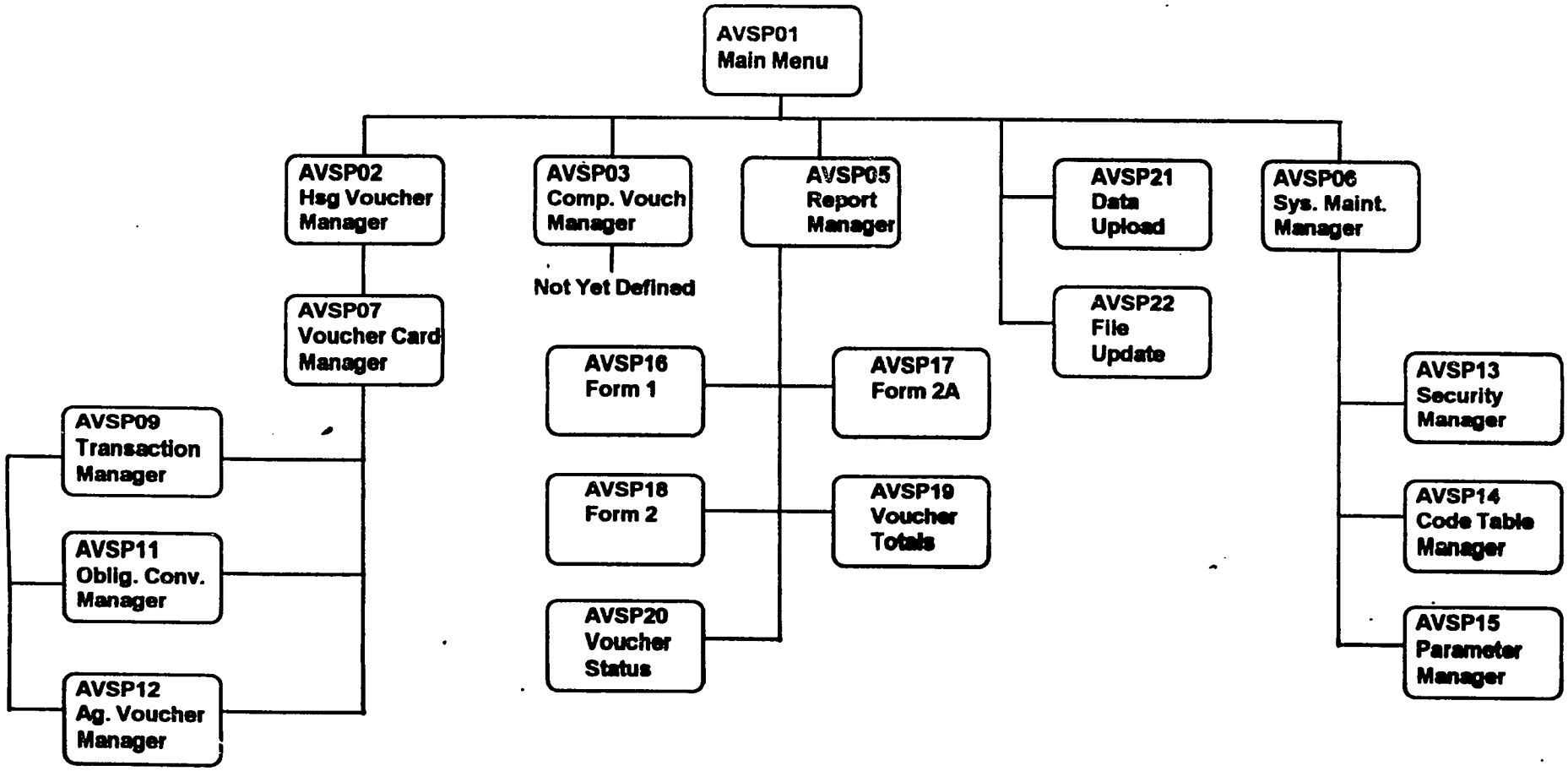
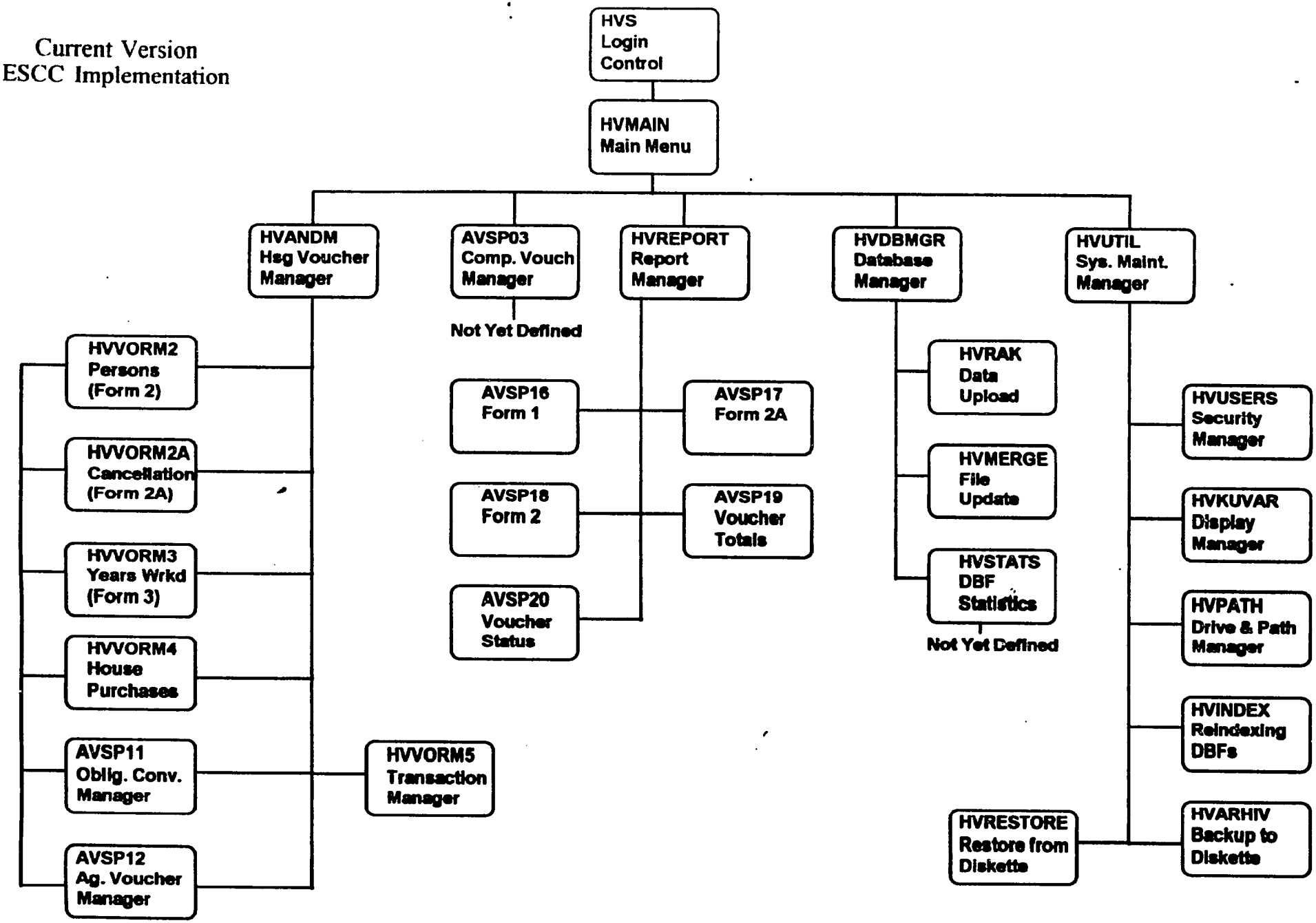
Appendix C Program Hierarchy Chart

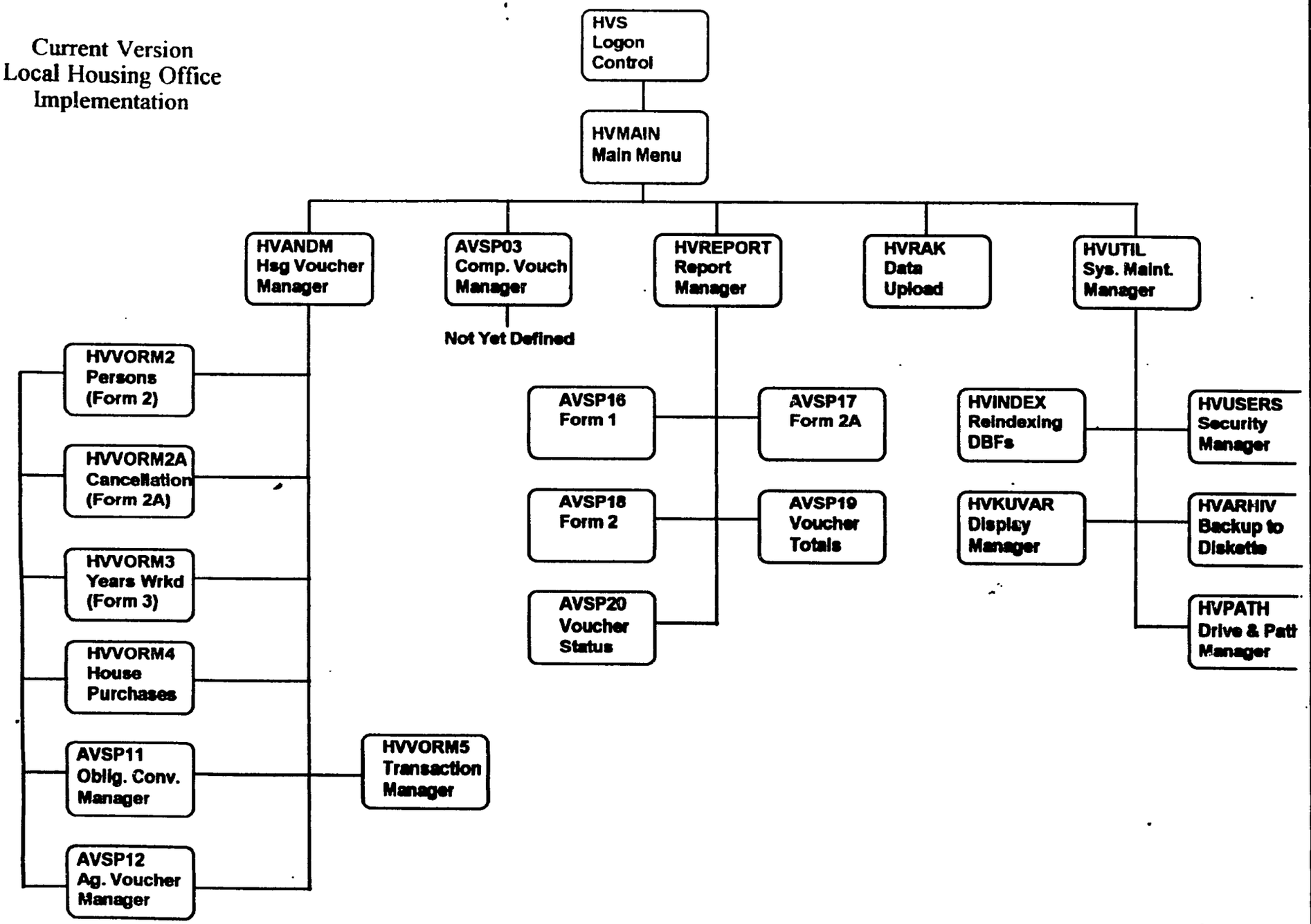
Program Hierarchy Chart
Original Design



Current Version
ESCC Implementation



Current Version
Local Housing Office
Implementation



Appendix D Database Size Estimate

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Deloitte & Touche

Estonian Automated Voucher System

Database Sizing Estimate

Housing Voucher Manager

December 17, 1992

Record Name	Record Size	Nbr. Records Required	Element Name	Data Type	Length	Record Storage Requirements	Element Storage Requirements
R01INDIV	169	700,000				118,300,000	
			E01DATBIR	D	4		2,800,000
			E01DATDEA	D	4		2,800,000
			E01DATRES	D	8		5,600,000
			E01FAMNAM	A	20		14,000,000
			E01FIRNAM	A	20		14,000,000
			E01NUMCHI	N	2		1,400,000
			E01PERCOD	N	11		7,700,000
			E01DATUPD	D	8		5,600,000
			E01COMVOU	N	11		7,700,000
			E01SEX	A	1		700,000
			E01CARREG	N	11		7,700,000
			E01CURVOU	N	3		2,100,000
			E01ORIGVOU	N	3		2,100,000
			E01PURIND	C	1		700,000
			E01SQUMTR	N	5		3,500,000
			E01DATCAR	D	8		5,600,000
			E01ISSNUM	N	6		4,200,000
			E01PAGNUM	N	4		2,800,000
			E01PAGNUM3	N	4		2,800,000
			E01REPPER	N	5		3,500,000
			E01REPPER3	N	5		3,500,000
			E01SEQNUM	N	2		1,400,000
			E01SEQNUM3	N	2		1,400,000
			E01TOTYEA	N	2		1,400,000
			E01KUUP2	D	8		5,600,000
			E01KUUP3	D	8		5,600,000
			E01TUNNUS	C	1		700,000
			E01YEAFAR	N	2		1,400,000
R02HOUSI	109	50				5,450	
			E02ISSNUM	N	6		300
			E02ISSNAM	A	20		1,000
			E02NAMCOU	N	2		100
			E02ISSADDR	A	40		2,000
			E02ISSCON	A	20		1,000
			E02DATUPD	D	8		400
			E02TYPLOC	N	2		100
			E02VALNUM	N	3		150
			E02EVNR	N	2		100
			E02ISSTEL	N	6		300
R03MAHA	169	1,000				169,000	
			E03DATBIR	D	4		4,000
			E03DATDEA	D	4		4,000
			E03DATRES	D	8		8,000
			E03FAMNAM	A	20		20,000
			E03FIRNAM	A	20		20,000
			E03NUMCHI	N	2		2,000
			E03PERCOD	N	11		11,000
			E03DATUPD	D	8		8,000

			E03COMVOU	N	11		11,000
			E03SEX	A	1		1,000
			E03CARREG	N	11		11,000
			E03CURVOU	N	3		3,000
			E03ORIGVOU	N	3		3,000
			E03PURIND	C	1		1,000
			E03SQUMTR	N	5		5,000
			E03DATCAR	D	8		8,000
			E03ISSNUM	N	6		6,000
			E03PAGNUM	N	4		4,000
			E03PAGNUM3	N	4		4,000
			E03REPPER	N	5		5,000
			E03REPPER3	N	5		5,000
			E03SEQNUM	N	2		2,000
			E03SEQNUM3	N	2		2,000
			E03TOTYEA	N	2		2,000
			E03KUUP2	D	8		8,000
			E03KUUP3	D	8		8,000
			E03TUNNUS	C	1		1,000
			E03YEAFAR	N	2		2,000
R04TYPLOC	50	10				500	
			E04TYPLOC	N	2		20
			E04DATUPD	D	8		80
			E04TYPNAM	N	40		400
R05TRANS	65	2,100,000				136,500,000	
			E05CODOTH	N	11		23,100,000
			E05CREDEB	N	1		2,100,000
			E05NAMOTH	A	20		42,000,000
			E05NUMTRA	N	3		6,300,000
			E05CARREG	N	11		23,100,000
			E05TRADAT	D	8		16,800,000
			E05DATUPD	D	8		16,800,000
			E05TRATYP	N	3		6,300,000
R06CONVE	73	350,000				25,550,000	
			E06DATISS	D	8		2,800,000
			E06NAMPER	A	20		7,000,000
			E06POSPER	A	20		7,000,000
			E06CARREG	N	11		3,850,000
			E06DATUPD	D	8		2,800,000
			E06VALPOP	N	6		2,100,000
R07AGVOU	110	70,000				7,700,000	
			E07DECDAT	D	8		560,000
			E07NAMCHA	A	20		1,400,000
			E07NAMCOL	A	20		1,400,000
			E07NAMSEC	A	20		1,400,000
			E07OWNPOP	A	20		1,400,000
			E07CARREG	N	11		770,000
			E07DATUPD	D	8		560,000
			E07VALVOU	N	3		210,000
R08TERRI	90	350				31,500	
			KOOD	N	3		1,050
			NIMI	A	20		7,000
			TYYP	N	1		350
			TNIMI	A	7		2,450
			VALD	A	3		1,050
			VNIMI	A	20		7,000

			MAA	A	2		700
			MNIMI	A	25		8,750
			MAEG	D	8		2,800
			MUUT	A	1		350
R09TXNTP	50	10				500	
			E09TXNCOD	N	2		20
			E09DATUPD	D	8		80
			E09TXNNAM	N	40		400
			Totals			**288,256,950**	**288,256,950**

Appendix E Programming Specifications

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Automated Voucher System Main Menu

Program Name:	AVSP01	**Version:**	1.0
Screen Sets:	AVSM01 AVSM05.	**Date:**	8 October 1992

Description: This is the main menu of the Estonian Automated Voucher System (AVS). This is the first screen the user will see when the AVS is executed. From this screen, the user may select the options "Vouchers", "Reports", "System Maintenance", and "Exit." When the user selects any of these options, a "drop-down" menu will appear giving the user additional options.

When the user selects the options "Vouchers", control is transferred to AVSP02 which will display the options available in the Housing Voucher Manager.

If the user selects the option "Housing Vouchers" on AVSM02, control is turned over to the Housing Voucher Manager program AVSP02.

If the user selects the option "Reports" from AVSM01, the Report Mgr. program AVSP05 will be executed. (This function has not yet been designed.)

If the user selects the option "System Maintenance" from AVSM01, the System Maintenance Mgr. AVSP06 will be executed.

If the user selects the option "Exit" from AVSM01, the Exit menu AVSM05 will be displayed requesting user confirmation of exit.

Prior to any display of user options, AVSP01 calls AVSP13 to check the user's security status. From AVSP13, AVSP01 receives the security access level for this user and displays the acceptable options for this user.

Called By: Not called.

Programs Called:

AVSP02 - Housing Voucher Account Manager.
AVSP03 - Compensation Voucher Manager. **** Not Designed**
AVSP04 - Restitution Voucher Manager. **** Not Designed**
AVSP05 - Reporting Manager **** Not designed**.
AVSP06 - System Maintenance Manager
AVSP13 - Security Manager

Data Environment:

AVSM01 Active Records:	User's Security Access Record
AVSM01 Active Data Elements:	Security Access Granted Indicator
AVSM05 Active Records:	None.
AVSM05 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP01 is executed and control is turned over to AVSP06. The user's identification and user profile is collected in AVSP06 and the user's access rights are determined. Control is returned to AVSP01. Depending upon the user's access rights, processing may continue normally or program operation may be terminated. If user is provided with access rights. The AVSP01 will display the main AVS menu AVSM01. The user may use the left and right arrows, the Tab and Backtab keys, and any designated letters for options to position the cursor for selection of an option. Once the light bar is positioned over the desired option, the user presses ENTER.

Options available to the user in AVSM01 are "Vouchers", "Reports", "System Maintenance", and "Exit".

If the user selects the option "Vouchers" in AVSM01, control is turned over to AVSP02 .

If the user selects the option "Reports" in AVSM01, control will be turned over to AVSP05.

If the user selects the option "System Maintenance in AVSM01, control will be turned over to AVSP06.

If the user selects the option "Exit" in AVSM01, the screen AVSM05 will be displayed requesting user confirmation for termination of system operation.

Screen Environment:

Active Keys AVSM01:	ENTER F1 ⇦, ⇨ Tab, Backtab Selected Prompt Letters ESC
Active Keys AVSM05:	ENTER F1

⇧, ⇩
Tab, Backtab
Selected Prompt Letters
ESC

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Estonian Automated Voucher System
Main Menu

Vouchers	Reports	System Maintenance	Exit

Enter - Select Option
F1 - Help

AVSM01

Estonian Automated Voucher System
Main Menu

Vouchers	Reports	System Maintenance	Exit

Quit the System

Continue

Enter - Select Option
F1 - Help

AVSM05

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Housing Voucher Manager Main Menu/R01INDIV Manager

Program Name:	AVSP02	**Version:**	1.0
Screen Sets:	AVSM03 AVSM04 AVSL01 AVSE01.	**Date:**	7 October 1992

Description: This program gives the user access to the main Housing Voucher Manager menu. The menu AVSM03 is displayed after the user selects the option "Housing Vouchers" in the main menu. Using this menu, the user may select from any of the available functions in the Housing Voucher Manager.

This program also gives the user access to display or edit the data group R01INDIV.

The options available in the first menu are "Establish/Review Account", "Gift or Inheritance", "Convert to Obligations", "Convert Agricultural Vouchers", "Create an Additional Card", "Purchase Housing", and "Exit." When the user selects any of these options, excepting "Exit", a window is displayed giving the user the opportunity to query the database by Personal Code, Name, or Card Registration Number.

If the user selects "Establish/Review Account", control is maintained by AVSP02 and either the R01INDIV list screen AVSL01 or the R01INDIV edit screen AVSE01 is displayed. From this screen it is possible to review the details of the Voucher Card registered in this individual's name. To do this, AVSP02 transfers control to AVSP07.

If the user selects "Gift or Inheritance", control is transferred to AVSP09.

If the user selects "Convert to Obligations", control is transferred to AVSP11.

If the user selects "Convert Agricultural Vouchers", control is transferred to AVSP12.

If the user selects "Create an Additional Card", control is transferred to AVSP10.

If the user selects "Purchase Housing" *** This function and program not yet designed.

If the user selects "Reports" *** This function and program not yet designed.

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Called By: Called by AVSP01.

Programs Called:

AVSP07 - Voucher Card Manager.
AVSP09 - Transaction Manager.
AVSP10 - Additional Card Manager.
AVSP11 - Obligation Conversion Manager.
AVSP12 - Agricultural Voucher Manager.

Data Environment:

AVSM03 Active Records:	None.
AVSM03 Active Data Elements:	Security Access Granted Indicator
AVSM05 Active Records:	None.
AVSM05 Active Data Elements:	TPERCOD ("T" for temporary) TFAMNAM TCARREG.
AVSE01 Active Records:	R01INDIV
AVSE01 Active Data Elements:	E01PERCOD E01PRIKEY E01FAMNAM E01FIRNAM E01DATRES E01NUMCHI E01DATBIR E01DATDEA E01SEX.

Processing Logic:

The program AVSP02 is executed and the menu screen AVSM03 is displayed. The user may use the up and down arrows, and any designated letters for options to position the cursor for selection of an option. Once the light bar is positioned over the desired option, the user presses ENTER.

If the user selects any option except "Exit", the screen AVSM04 is displayed. The user may enter the individual's personal code, name, or card registration number. These fields are temporary working fields designated TPERCOD, TFAMNAM, and TCARREG.

If the user selects the option "Establish/Review Account", these fields may be used to search the database to find matches to the user's query. If the user enters a value for TPERCOD, the system will search R01INDIV for a matching value in

E01PERCOD. If one is found, the screen AVSE01 should be prepared and displayed to the user. If the user enters a value in TFAMNAM, the system should find all records in R01INDIV whose E01FAMNAM is alphabetically equal or greater to the value in TFAMNAM. The screen AVSL01 should be prepared and displayed. The user may then select the exact record to be displayed, position the light bar, and press ENTER to obtain the edit screen AVSE01. If the user enters a value for TCARREG, the system should read R02HOUSI to find a matching E02CARREG. If one is found, the parent R01INDIV should be obtained and displayed in AVSE01. In this case E02CARREG should be displayed on the screen AVSE01. If no matching TCARREG or TPERCOD is found, AVSE01 should be displayed with blank fields in the ADD mode.

If the user selected any other option on AVSM04, the fields TPERCOD, TFAMNAM, and TCARREG will be used to obtain the correct record. AVSP01 will pass these values to the appropriate program for that called program to search the database.

Screen Environment:

Active Keys AVSM03:	ENTER F1 ⇧, ⇩ Tab, Backtab Selected Prompt Letters ESC
Active Keys AVSM04:	ENTER F1 ⇧, ⇩ Tab, Backtab All alphanumeric keys ESC
Active Keys AVSL01:	ENTER F1 ⇧, ⇩ Tab, Backtab ESC
Active Keys AVSE01:	ENTER F1, F2, F3, F4, F5 ⇧, ⇩ Tab, Backtab All alphanumeric keys. ESC

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Estonian Automated Voucher System
Housing Voucher Menu

Establish/Review Account

Gift or Inheritance

Convert to Obligations

Convert Agricultural Vouchers

Create an Additional Card

Purchase Housing

Reports

Enter - Select Option
F1 - Help

AVSM03

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Estonian Automated Voucher System
Housing Voucher Menu

Establish/Review Account

Gift or Inheritance

Convert to Obligations

Convert Agricultural Vouchers

Create an Additional Card

Purchase Housing

Reports

Personal Code: 00125823451

Name: SAMSON P. DELILAH

Card Nbr.: 89475813647

Enter - Select Option
F1 - Help

AVSM04

Estonian Automated Voucher System
Housing Voucher System - Review an Account

Personal Code:	00125823451
Name:	SAMSON P. DELILAH
Date of Residence in Estonia:	10.03.1935
Number of Children:	3
Date of Birth:	1935
Date of Death:	———
Sex:	M

Enter - Select Option	F2 - Add	F4 - Delete
F1 - Help	F3 - Edit	F5 - Housing Voucher Cards

AVSE01

Housing Voucher Report Manager

Program Name:	AVSP05	**Version:**	1.0
Screen Sets:	AVSM06	**Date:**	9 December 1992

Description: This is the Housing Voucher Report Manager. This routine is designed to allow the user to select from the options available in this menu for Reporting.

Due to the dynamic nature of the Housing Voucher Manager development, the design of the Report Manager is not complete at this writing. The purpose of this specification is to provide a menu environment for those reports which exist at this time. We expect other reports to be developed and included on this menu in the months to come.

Called By: AVSP01.

Programs Called:

AVSP16 - Form 1 Report
AVSP17 - Form 2A Report
AVSP18 - Form 2 Report
AVSP19 - Voucher Totals Report
AVSP20 - Voucher Transactions Report
AVSP21 - Data Upload Routine
AVSP22 - Master File Update Routine

Data Environment:

AVSM06 Active Records:	User's Security Access Record
AVSM06 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP05 is executed. The user is able to use AVSM05 to view the report options available in the Housing Voucher Manager. The user may select from any of these options.

The program AVSP22 should not be made available to any installations other than the central Housing Voucher database in the SCC.

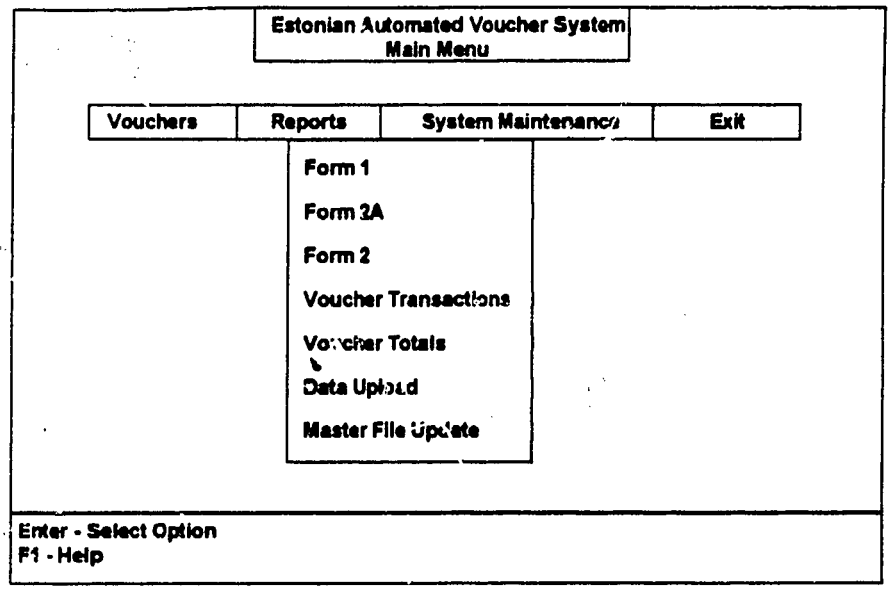
Screen Environment:

Active Keys AVSM06: ENTER
F1
⇧, ⇩
Tab, Backtab

555

Selected Prompt Letters
ESC

556


Estonian Automated Voucher System
Main Menu
Vouchers
Reports
System Maintenance
Exit
Form 1
Form 3A
Form 2
Voucher Transactions
Voucher Totals
Data Upload
Master File Update
Enter - Select Option
F1 - Help

AVSM06

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Housing Voucher System Maintenance Manager

Program Name:	AVSP06	**Version:**	1.0
Screen Sets:	AVSM06	**Date:**	9 October 1992

Description: This is the Housing Voucher System Maintenance Manager. This routine is designed to allow the System Administrator to select from the options available in this menu for System Maintenance.

Due to the dynamic nature of the Housing Voucher Manager development, the design of the System Maintenance Manager is not complete at this writing. The purpose of this specification is to instruct the programmers that any System Maintenance standards employed by the Estonian State Computer Center should be implemented in this system as well.

Called By: AVSP01.

Programs Called:
AVSP13 - Security Manager
AVSP14 - Code Table Manager
AVSP15 - Parameter Manager.

Data Environment:

AVSM06 Active Records:	User's Security Access Record
AVSM06 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP06 is executed. The user is able to use AVSM06 to view the options available in the System Maintenance Manager. They are: Security Manager, Code Table Manager, and Parameter Manager. The user may select from any of these options. If the user selects Security Manager, control is transferred to AVSP13. If the user selects the Code Table Manager, control is transferred to AVSP14. If the user selects the Parameter Manager, control is transferred to AVSP15.

Screen Environment:

Active Keys AVSM06:
ENTER
F1
⇧, ⇩
Tab, Backtab
Selected Prompt Letters
ESC

R02HOUSI Data Manager

Program Name:	AVSP07	**Version:**	1.0
Screen Sets:	AVSE02	**Date:**	7 October 1992

Description: This program gives the user access to the Voucher Card Manager. This manager is responsible for R02HOUSI. The user obtains access to this program either from AVSP02 or by returning from AVSP09, AVSP10, AVSP11, or AVSP12. The function of this program is to provide the user with update, add, display, and delete access to the file R02HOUSI. Additionally, this routine provides "navigational" access to AVSP09, AVSP10, AVSP11, and AVSP12.

If the user presses F6, control is transferred to AVSP09.

If the user presses F8, control is transferred to AVSP11.

If the user presses F9, control is transferred to AVSP12.

If the user presses F7, control is transferred to AVSP10.

Called By:

AVSP02 - Housing Voucher Manager.
AVSP07 - Voucher Card Manager.
AVSP09 - Transaction Manager.
AVSP10 - Additional Card Manager.
AVSP11 - Obligation Conversion Manager.
AVSP12 - Agricultural Voucher Manager.

Programs Called:

AVSP07 - Voucher Card Manager.
AVSP09 - Transaction Manager.
AVSP10 - Additional Card Manager.
AVSP11 - Obligation Conversion Manager.
AVSP12 - Agricultural Voucher Manager.

Data Environment:

AVSE02 Active Records:	R02HOUSI
AVSE02 Active Data Elements:	Security Access Granted Indicator
	E02CARREG
	E02PRIKEY
	E01FAMNAM
	E01FIRNAM
	E02TOTYEA
	E02YEAFAR
	E02VOUBAL

E02ISSNUM
E02VALNUM
E02ISSNAM
E02ISSADD
E02ISSCON
E02ISSTEL
E02NAMCOU
TNAMCOU
E02ISSDAT
E02REPPER
E02PAGNUM
E02SEQNUM
E02TYPLOC
TTYPLOC.

Processing Logic:

The program AVSP07 is executed. It receives from any calling program either a value for E02PRIKEY or E02CARREG, depending upon the calling program. If the value for either of these fields is not found in R02HOUSI, a blank screen in the ADD mode is displayed. If a record whose values matches these fields is found, the R02HOUSI record is displayed in the DISPLAY or protected mode.

The user may use the keys F2, F3, and F4 to ADD a new record, edit the current record, or delete the current record.

The user may also pass control to other programs by pressing keys F6, F7, F8, or F9. AVSP07 passes the value in E02PRIKEY to the called program and transfers control to the called program.

Screen Environment:

Active Keys AVSE02:

ENTER
F1, F2, F3, F4, F6, F7, F8, F9
⇧, ⇩, ⇦, ⇨
Tab, Backtab
All alphanumeric keys.
ESC

560

Estonian Automated Voucher System
Housing Voucher System - Voucher Card

Name: SAMSON P. DELILAH Card Registration Nbr.: 89475813647

Total Years Worked: 45 With Farm: ____ Voucher Balance: 45

Issuing Entity Nbr: 58 Vald Nbr: TALL

Name of Issuer: HOUSING BRD TALLIN Address of Issuer: #12 VALD CT; 110 15

Issuer Contact: WILSON MCGUILICUTTY Issuer Telephone: 022567

County of Issue: TALLIN Date Card Issued: 11.12.1992

Reporting Period: 02.93 Page Number: 45 Sequence Number: 15

Type of Local Government: MUNICIPALITY

Enter - Select	F2 - Add	F4 - Delete	F6 - Transactions	F8 - Obligation Conv.
F1 - Help	F3 - Edit		F7 - Additional Cards	F9 - Ag. Voucher Conv.

AVSE02

R05TRANS Manager

Program Name:	AVSP09	**Version:**	1.0
Screen Sets:	AVSE04	**Date:**	8 October 1992

Description: This program gives the user access to the Transactions Manager. This manager is responsible for R05TRANS. The user obtains access to this program from AVSP07, AVSP10, AVSP11, and AVSP12. The function of this program is to provide the user with update, add, display, and delete access to the file R05TRANS.

Called By:

AVSP07 - Voucher Card Manager.
AVSP10 - Additional Card Manager
AVSP11 - Obligation Conversion Manager
AVSP12 - Agricultural Voucher Manager

Programs Called: None.

Data Environment:

AVSE04 Active Records:	R05TRANS
AVSE04 Active Data Elements:	Security Access Granted Indicator
	E02CARREG
	E05PRIKEY
	E01FAMNAM
	E01FIRNAM
	E05CODOTH
	E05CREDDEB
	E05NAMOTH
	E05NUMTRA
	E05TRATYP
	E05TRADAT.

Processing Logic:

The program AVSP09 is executed. It receives from calling programs a value for E05PRIKEY. If the value for this field is not found in R05TRANS, a blank line in the ADD mode appears on the screen AVSE04. Any records whose values match the calling programs E??PRIKEY are displayed on AVSE04 in the DISPLAY or protected mode.

The user may use the keys F2, F3, and F4 to ADD a new record, edit the current record, or delete the current record.

Screen Environment:

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Active Keys AVSE04	ENTER F1, F2, F3, F4 ⇧, ⇩, ⇦, ⇨ Tab, Backtab All alphanumeric keys. ESC

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Estonian Automated Voucher System
Housing Voucher System - Transactions

Name : SAMSON P. DELILAH Card Registration Number: 00125823451

Other Person's Name	Code	Type Tran	Credit/ Debit	Nbr. Vouchers	Tran. Date
LISA GENET	66394367284	G	+	12	02.10.1993
OTTA KRAAL	66396837287	G	+	4	04.08.1993

Enter - Select Option	F2 - Add	F4 - Delete	PgDn - Next Page
F1 - Help	F3 - Edit		PgUp - Previous Page

AVSE04

564

R06CONVE Manager

Program Name:	AVSP11	**Version:**	1.0
Screen Sets:	AVSE05	**Date:**	8 October 1992

Description: This program gives the user access to the Obligation Conversion Manager. This manager is responsible for R06CONVE. The user obtains access to this program from AVSP07, the Voucher Card Manager. The function of this program is to provide the user with update, add, display, and delete access to the file R06CONVE. This routine also provides access to the Transactions Manager AVSP09.

If the user presses F5, control is transferred to AVSP09.

Called By: AVSP07 - Voucher Card Manager.

Programs Called: AVSP07 - Voucher Card Manager.
AVSP09 - Transaction Manager.

Data Environment:

AVSE05 Active Records:	R06CONVE
AVSE05 Active Data Elements:	Security Access Granted Indicator
	E02CARREG
	E06PRIKEY
	E01FAMNAM
	E01FIRNAM
	E06VALPOP
	E06NAMPER
	E06DATISS

Processing Logic:

The program AVSP11 is executed. It receives from AVSP07 a value for E06PRIKEY. If the value for this field is not found in R06CONVE, a blank AVSE05 screen in the ADD mode is displayed. If a record whose values matches E06PRIKEY is found, the R06CONVE record is displayed in the DISPLAY or protected mode.

The user may use the keys F2, F3, and F4 to ADD a new record, edit the current record, or delete the current record.

The user may also pass control to AVSP09 by pressing key F5. AVSP11 passes the value in E06PRIKEY to E05PRIKEY and transfers control to AVSP09.

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Screen Environment:

Active Keys AVSE03:	ENTER F1, F2, F3, F4, F5 ⇧, ⇩, ⇦, ⇨ Tab, Backtab All alphanumeric keys. ESC

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Estonian Automated Voucher System
Housing Voucher System - Convert Obligations

Name : SAMSON P. DELILAH Card Registration Number: 00125823461

Value of Vouchers Converted: 4

Name of Person Issuing Obligation: WALLTER WINCHELL

Date Obligation Issued: 04.07.1993

Enter - Select Option	F2 - Add	F4 - Delete
F1 - Help	F3 - Edit	F6 - Transactions

AVSE05

567

R07AGVOU Manager

Program Name:	AVSP12	**Version:**	1.0
Screen Sets:	AVSE06	**Date:**	8 October 1992

Description: This program gives the user access to the Agricultural Voucher Conversion Manager. This manager is responsible for R07AGVOU. The user obtains access to this program from AVSP07, the Voucher Card Manager. The function of this program is to provide the user with update, add, display, and delete access to the file R07AGVOU. This routine also provides access to the Transactions Manager AVSP09.

If the user presses F5, control is transferred to AVSP09.

Called By: AVSP07 - Voucher Card Manager.

Programs Called: AVSP07 - Voucher Card Manager.
AVSP09 - Transaction Manager.

Data Environment:

AVSE06 Active Records:	R07AGVOU
AVSE06 Active Data Elements:	Security Access Granted Indicator
	E02CARREG
	E07PRIKEY
	E01FAMNAM
	E01FIRNAM
	E07DECDAT
	E07NAMCHA
	E07NAMCOL
	E07NAMSEC
	E07OWNPOP
	E07VALVOU.

Processing Logic:

The program AVSP12 is executed. It receives from AVSP07 a value for E07PRIKEY. If the value for this field is not found in R07AGVOU, a blank AVSE06 screen in the ADD mode is displayed. If a record whose values matches E07PRIKEY is found, the R07AGVOU record is displayed in the DISPLAY or protected mode.

The user may use the keys F2, F3, and F4 to ADD a new record, edit the current record, or delete the current record.

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The user may also pass control to AVSP09 by pressing key F5. AVSP12 passes the value in E07PRIKEY to E05PRIKEY and transfers control to AVSP09.

Screen Environment:

Active Keys AVSE06:	ENTER F1, F2, F3, F4, F5 ⇧, ⇩, ⇦, ⇨ Tab, Backtab All alphanumeric keys. ESC

569

Estonian Automated Voucher System
Housing Voucher System - Convert Agricultural Vouchers

Name: SAMSON P. DELILAH Card Registration Number: 00125823451

Value of Vouchers:: 14 Date of Decision: 01.04.1993

Name of Chairman: DR> HICKORY DICKORY

Name of Collective: FANNY FARM

Name of Secretary: RUTH BUZZ

Name of Voucher Owner:

Enter - Select Option	F2 - Add	F4 - Delete
F1 - Help	F3 - Edit	F5 - Transactions

AVSE06

570

Housing Voucher Security Manager

Program Name:	AVSP13	**Version:**	1.0
Screen Sets:	AVSM09 AVSE08	**Date:**	9 October 1992

Description: This is the Housing Voucher Security Manager. This routine is designed to allow the System Administrator to add, edit, and delete access rights to Housing Voucher Manager Users.

Due to the dynamic nature of the Housing Voucher Manager development, the design of the Security Manager is not complete at this writing. The purpose of this specification is to instruct the programmers that any security standards employed by the Estonian State Computer Center should be implemented in this system as well.

Called By: AVSP06.

Programs Called: None

Data Environment:

AVSM09 Active Records:	User's Security Access Record
AVSM09 Active Data Elements:	Security Access Granted Indicator
AVSE08 Active Records:	**Not Yet Defined**
AVSE08 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP13 is executed. The user is able to use AVSM09 to view the Housing Voucher Manager User List. The user may use this screen to select a particular individual for update. Having done so, the screen AVSE08 is displayed with the values for the selected individual. The user may then modify the values and return to AVSM09 to select other individuals or to return to AVSP06, the System Maintenance Manager.

Screen Environment:

Active Keys AVSM09:
- ENTER
- F1
- ⇦, ⇨, ⇧, ⇩
- Tab, Backtab
- Selected Prompt Letters
- ESC

Active Keys AVSE08: **Not Yet Defined**

517

Housing Voucher Code Table Manager

Program Name:	AVSP14	**Version:**	1.0
Screen Sets:	AVSM07 AVSE09	**Date:**	9 October 1992

Description: This is the Housing Voucher Code Table Manager. This routine is designed to allow the System Administrator to add, edit, and delete code values for the various code tables which support the Housing Voucher Manager.

Due to the dynamic nature of the Housing Voucher Manager development, the list of code tables has not been completed at this writing. The purpose of this specification is to instruct the programmers that to the extent possible, all modifiable code tables should be managed in this program.

Called By: AVSP06.

Programs Called: None

Data Environment:

AVSM07 Active Records:	User's Security Access Record
AVSM07 Active Data Elements:	Security Access Granted Indicator
AVSE09 Active Records:	**Not Yet Defined**
AVSE09 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP14 is executed. The user is able to use AVSM07 to view the various code tables which may be modified in this program. The user may use this screen to select a code table for update. Having done so, the screen AVSE09 is displayed with the values for the selected code table. The user may then modify the values and return to AVSM07 to select others or to return to AVSP06, the System Maintenance Manager.

Screen Environment:

Active Keys AVSM07:

ENTER
F1
⇦, ⇨, ⇧, ⇩
Tab, Backtab
Selected Prompt Letters
ESC

Active Keys AVSE09: **Not Yet Defined**

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Housing Voucher Parameter Manager

Program Name:	AVSP15	**Version:**	1.0
Screen Sets:	AVSM08 AVSE11	**Date:**	9 October 1992

Description: This is the Housing Voucher Parameter Manager. This routine is designed to allow the System Administrator to modify key system operation parameters. Options that may be modified in this routine are printers supported, type of monitor on the PC, type of fixed and floppy disk drives, and directory name.

Due to the dynamic nature of the Housing Voucher Manager development, these parameters have not been identified at this time. The purpose of this specification is to instruct the programmers that to the extent possible, all modifiable system parameters should be managed in this program.

Called By:. AVSP06.

Programs Called: None

Data Environment:

AVSM08 Active Records:	User's Security Access Record
AVSM08 Active Data Elements:	Security Access Granted Indicator
AVSE11 Active Records:	**Not Yet Defined**
AVSE11 Active Data Elements:	Security Access Granted Indicator

Processing Logic:

The program AVSP15 is executed. The user is able to use AVSM08 to view the various parameters which may be modified in this program. The user may use this screen to select a parameter for update. Having done so, the screen AVSE11 is displayed with the values for the selected parameter. The user may then modify the parameters and return to AVSM08 to selects others or to return to AVSP06, the System Maintenance Manager.

Screen Environment:

Active Keys AVSM08:	ENTER F1 ⇦, ⇨, ⇧, ⇩ Tab, Backtab Selected Prompt Letters

ESC

Active Keys AVSE11: **Not Yet Defined**

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Estonian Automated Voucher System
Housing Voucher System - Report Form 1P

Select County:
Select Housing Office:

Select Registry Number Sequence:

or

Select Alphabetic Sequence on Office Name:

Enter - Select Option
F1 - Help
Shift F1 - List Options
ESC - Exit to Previous Screen

AVSR01

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FORM1P.XLS

To Housing Board

List of Offices Issuing Popular Capital Voucher Cards

County: XXXXXXXXXXXXXXXXXX

Type: XXXXXXXXXXXXXXXXXX

Seq. No.	Name of Office	Code in Registry	Address	Contact Name	Telephone
1	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
2	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
3	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
4	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
5	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
6	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
7	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
8	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
9	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
10	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
11	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
12	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
13	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
14	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999
15	XXXXXXXXXXXXXXXXXX	99999999999999	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	999-9999

Report Program: Form 2AP

Program Name:	AVSP17	**Version:**	1.0
Screen Sets:	AVSR02	**Date:**	17 November 1992

Description: This is the Housing Voucher Manager report **Form 2AP** or **List of Popular Capital Voucher Cards**. This listing is will be prepared by the local housing office, the county office, or the State Computer Center for submission to a local Notary Public to verify issuance of Voucher cards to individuals. It contains information such as the Individual's Card Number, the Family Name of the Individual, the Individual's First Name, the Office Issuing the Card, and the Date of Card of Issuance.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSR02 Active Records:	User's Security Access Record
AVSR02 Active Data Elements:	Security Access Granted Indicator
	County Selection
	Local Housing Office Selection
	Range of Card Issuance Dates
	Sort Order by Name Indicator
	Sort Order by Card Number Indicator
Processing Active Records:	R01INDIV
	R02HOUSI
	T01COUNTY
	T02ISSUE
Processing Active Data Elements:	E01FAMNAM
	E01FIRNAM
	E02CARREG
	E02DATCAR
	E02ISSNUM
	T01COUCOD
	T01COUNAM
	T02ISSNUM
	T02ISSNAM.

Processing Logic:

The program AVSP17 is executed. The user is able to use AVSR02 to select from among the various selection criteria available. The user may limit the report to a

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single county or group of counties, delimited by commas, by a housing offices or group of housing offices, delimited by commans, a range of dates pertaining to card issuance, and may sort the answer table by either alphabetic order on E01FAMNAM or numerical sequence based on E02CARREG. If no options are chosen, all counties and all office types are reported in alphabetic sequence on E01FAMNAM.

After selection of criteria, the user presses the ENTER key. The program reads file R02HOUSI to obtain records which match the user-supplied criteria. Key fields which are matched are E02NAMCOU for County, E02ISSNUM for Housing Office, and E02DATCAR for Date of Card Issuance. The answer table is constructed and then sorted according to the user-supplied criteria.and extracts an answer table matching the criteria entered by the user. If no criteria is provided the data is reported and sorted in alphabetically ascending sequence on E01FAMNAM.

Screen Environment:

Active Keys AVSR02:	**ENTER**
	F1
	Shift-F1
	⇦, ⇨, ⇧, ⇩
	Tab, Backtab
	ESC

Estonian Automated Voucher System
Housing Voucher System - Report Form 2AP

Select County:
Select Housing Office:
Select By Range of Card Issue Dates:

Select Alphabetic Sequence on Office Name:

or

Sort Order on Card Number:

Enter - Select Option	Shift F1 - List Options
F1 - Help	ESC - Exit to Previous Screen

AVSR02

Notary Public
st of Popular Capital Voucher Cards
ancelled by Legal Document as of 99.99.9999

eq. No.	Card Number	Family Name	First Name	Office Issuing Card	Date Card Issued
1	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
2	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
3	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
4	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
5	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
6	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
7	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
8	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
9	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
10	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
11	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
12	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
13	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
14	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999
15	9999999999	XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXX	99.99.9999

Report Program: Form 2P

Program Name:	AVSP18	**Version:**	1.0
Screen Sets:	AVSR03	**Date:**	17 November 1992

Description: This is the Housing Voucher Manager report **Form 2P** or **Personal Data Submitted to Housing Office/Local Self-Government**. This listing is developed by local government offices, count or municipal offices, or State Computer Center and sent to the National Housing Board for its information. It contains information including the Individual's Family Name, Individual's First Name, Individual's Popular Capital Obligation Card Number, Individual's Personal Code, Individual's Year of Birth, Individual's Year of Residence in Estonia, Individual's Year of Death, and Individual's Number of Children. The user will have the option of selecting records by County, by Housing Office, and by range of Card Issuance Dates. The user will also have the option of selecting sort orders by either Card Registration Number or Individual's Family Name.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSR01 Active Records:	User's Security Access Record
AVSR01 Active Data Elements:	Security Access Granted Indicator
	County Selection
	Housing Office Selection
	Range of Dates Selection
	Sort Order by Family Name Indicator
	Sort Order by Card Registration Indicator
Processing Active Records:	R01INDIV
	R02HOUSI
	T01COUNTY
	T02ISSUE
Processing Active Data Elements:	E01FAMNAM
	E01FIRNAM
	E01PERCOD
	E01DATBIR
	E01DATRES
	E01DATDEA
	E01NUMCHI
	E02CARREG
	E02ISSNUM

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E02NAMCOU
E02DATCAR
T01COUCOD
T01COUNAM
T02ISSNUM
T02ISSNAM.

Processing Logic:

The program AVSP18 is executed. The user is able to use AVSR03 to select from among the various selection criteria available. The user may limit the report to a single county or group of counties, delimited by commas, by a housing offices or group of housing offices, delimited by commans, a range of dates pertaining to card issuance, and may sort the answer table by either alphabetic order on E01FAMNAM or numerical sequence based on E02CARREG. If no options are chosen, all counties and all office types are reported in alphabetic sequence on E01FAMNAM.

After selection of criteria, the user presses the ENTER key. The program reads file R02HOUSI to obtain records which match the user-supplied criteria. Key fields which are matched are E02NAMCOU for County, E02ISSNUM for Housing Office, and E02DATCAR for Date of Card Issuance. The answer table is constructed and then sorted according to the user-supplied criteria.and extracts an answer table matching the criteria entered by the user. If no criteria is provided the data is reported and sorted in alphabetically ascending sequence on E01FAMNAM.

Screen Environment:

Active Keys AVSR01:

ENTER
F1
Shift-F1
⇦, ⇨, ⇧, ⇩
Tab, Backtab
ESC

Estonian Automated Voucher System
Housing Voucher System - Report Form 2P

Select County:
Select Housing Office:
Select By Range of Card Issue Dates:

Select Alphabetic Sequence on Office Name:

or

Sort Order on Card Number:

Enter - Select Option	Shift F1 - List Options
F1 - Help	ESC - Exit to Previous Screen

AVSR03

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ersonal Data Submitted to Housing Office/Local Self-Government
or the Period 99.99.9999

ousing Office/Local Self-Government: XXXXXXXXXXXXXXXXXX

Seq. No.	Family Name	First Name	Card Number	Personal Code	Year of Birth	Year of Residence in Estonia	Year of Death	Number of Children
1	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
2	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
3	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
4	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
5	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
6	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
7	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
8	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
9	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
10	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
11	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
12	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
13	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
14	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99
15	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	9999999999	9999999999	9999	9999	9999	99

Report Program: Voucher Totals

Program Name:	AVSP19	**Version:**	1.0
Screen Sets:	AVSR04	**Date:**	17 November 1992

Description: This is the Housing Voucher Manager report **Voucher Totals Report**. This report is designed to give users a sense for the progress of Housing Privatization. The report is arranged by County or Maakond with details by Local Housing Offices. The report provides subtotals for each Local Housing Office and for each County. The report includes information on the total number of cards issued during the period in question, the total number of vouchers awarded during the period, the total number of housing units purchased, the total number of square meters of housing purchased, and the total outstanding balance of unused housing vouchers.

We recommend that this report be provided to interested parties in the National Housing Board, county, municipal, and local government, the Department of State Property, and the Parliement.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSR04 Active Records:	User's Security Access Record
AVSR04 Active Data Elements:	Security Access Granted Indicator County Selection Housing Office Selection Date Range Selection
Processing Active Records:	R02HOUSI T01COUNTY T02ISSUE.
Processing Active Data Elements:	E02CARREG E02CURVOU E02ORIGVOU E02PURIND E02SQUMTR T01COUCOD T01COUNAM T02ISSNUM T02ISSNAM.

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Processing Logic:

The program AVSP19 is executed. The user is able to use AVSR04 to select from among the various selection criteria available. The user may limit the report to a single county or group of counties, delimited by commas, by a housing office or group of housing offices, delimited by commas, and by a period end dates. If no criteria are supplied, the report generates information on all counties for the period beginning January 1, 1992 and ending current date

After selection of criteria, the user presses the ENTER key. The program reads file R02HOUSI and extracts an answer table matching the criteria entered by the user. The County and Local Housing Office parameters are matched against E02NAMCOU and E02ISSNUM. The answer table is constructed in this fashion:

The column "Total Cards" is obtained by summing the number of R02HOUSI records generated during the dates provided by the user (E02DATCAR).

The column "Total Number of Vouchers" is obtained by summing the contents of E02ORIGVOU for those R02HOUSI records whose R05TRANS file possesses a record with "01" in E05TRATYP. This indicates the orginal allocation of housing voucher points by the State. Check the field E05TRADAT for the date of the original allocation to see whether it meets the period end date supplied by the user.

The column "Total Number of Units Purchased" is obtained by summing the number of R02HOUSI records which have a non-blank character in the field E02PURIND, a non-zero value in the field E02SQUMTR, and which meet the date requirement. Date requirement is checked by reading child R05TRANS records for a record with "06" in E05TRATYP. This corresponds to housing purchase. Check the field E05TRADAT for compliance with the date requirement.

If the date in E05TRADAT for housing purchase meets the date requirement, then the column "Total Square Meters Purchased" is obtained by summing the contents of the field E02SQUMTR.

The column "Number of Vouchers Current" is obtained by summing the contents of R05TRANS - E05NUMTRA and E05CREDEB - for those records whose E05TRADAT is prior to or equal to the user-supplied date range.

Subtotals should be provided by Local Housing Office, by District/County, and Grand Totals should be produced at the end of the report.

Screen Environment:

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Active Keys AVSR01:	ENTER F1 Shift-F1 ⇦, ⇨, ⇧, ⇩ Tab, Backtab ESC

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Estonian Automated Voucher System
Housing Voucher System - Voucher Totals Report

Select County:
Select Housing Office:
Select for Period Beginning: Ending:

Enter - Select Option Shift F1 - List Options
F1 - Help ESC - Exit to Previous Screen

AVSR04

Report Program: Form 1P

Program Name:	AVSP16	**Version:**	1.0
Screen Sets:	AVSR01	**Date:**	16 November 1992

Description: This is the Housing Voucher Manager report **Form 1P** or **List of Offices Issuing Popular Capital Voucher Cards**. This listing is developed by local government offices and sent to the National Housing Board for its information. It contains information including the Name of the Office, its code in the National Registry, the Address of the Office, a Contact Name in the Office, and the Office's telephone number. The user will have the option of selecting offices by Type of Housing Office or by County. The user will also have the option of selecting sort orders by either Registry Code Number or by Name of Office.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSR01 Active Records:	User's Security Access Record
AVSR01 Active Data Elements:	Security Access Granted Indicator
	County Selection
	Office Type Selection
	Sort Order by Name Indicator
	Sort Order by Registry Code Indicator
Processing Active Records:	T01COUNTY
	T02ISSUE
	T03HSGTY
Processing Active Data Elements:	T01COUCOD
	T01COUNAM
	T02ISSID
	T02ISSCOU
	T02ISSNAM
	T02ISSADD
	T02ISSCONT
	T02ISSTELE
	T03TYPLOC
	T03TYPNAM.

Processing Logic:

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The program AVSP16 is executed. The user is able to use AVSR01 to select from among the various selection criteria available. The user may limit the report to a single county or group of counties, delimited by commas, by a housing office type or group of housing office types, delimited by commans, and may sort the answer table by either alphabetic order on T02ISSNAM or numerical sequence based on T02TISSID. If no options are chosen, all counties and all office types are reported in alphabetic sequence on T02ISSNAM.

After selection of criteria, the user presses the ENTER key. The program reads file T02ISSUE and extracts an answer table matching the criteria entered by the user. Once the answer table is constructed, the program sorts the data according to the criteria provided by the user. If no criteria is provided the data is sorted in alphabetically ascending sequence on T02ISSNAM.

Screen Environment:

Active Keys AVSR01:	ENTER
	F1
	Shift-F1
	⇦, ⇨, ⇧, ⇩
	Tab, Backtab
	ESC

Voucher Totals Report
For the Period Ending 99.99.9999

		Total Cards	Total Number of Vouchers	Total Number of Units Purchased	Total Squ. Meters Purchased	Number of Vouchers Current
District A						
	Local Housing Office 1					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 2					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 3					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 4					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District A Subtotals		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District B						
	Local Housing Office 5					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 6					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 7					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District B Subtotals		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
District C						
	Local Housing Office 8					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
	Local Housing Office 9					
		9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

					Voucher Totals Report			
					For the Period Ending 99.99.9999			
					Total	Total Number	Total Squ.	Number of
				Total	Number of	of Units	Meters	Vouchers
				Cards	**Vouchers**	**Purchased**	**Purchased**	**Current**
	Local Housing Office 10							
				9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict C Subtotals				9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
otal All Districts				9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Report Program: Voucher Transactions Status Report

Program Name:	AVSP20	**Version:**	1.0
Screen Sets:	AVSR05	**Date:**	16 November 1992

Description: This is the Housing Voucher Manager report **Voucher Transactions Status**. This listing was designed to provide status information to interested parties involved in Housing Privatization. The intent of this report is to show how each current month compares to previous months in the areas of number of applications submitted, number of vouchers awarded, and number of housing purchases executed. The data is provided by Local Housing Office and by District or County. Subtotals are provided by each of these categories. Data is summed horizontally showing year to date information for each column, current month's transactions and the new totals. Although the report can be run for any period entered by the user, it is designed to show status by month.

The user may enter selection criteria for county or district, and local housing office. The user is also required to enter a range of dates for selection. If the user does not enter a county or local housing office selection, all counties and local housing offices are reported.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSR05 Active Records:	User's Security Access Record
AVSR05 Active Data Elements:	Security Access Granted Indicator County Selection Housing Office Selection Range of Date Selection
Processing Active Records:	T01COUNTY T02ISSUE R02HOUSI R05TRANS
Processing Active Data Elements:	T01COUCOD T01COUNAM T02ISSID T02ISSNAM E02ORIGVOU E02PURIND E02DATCAR

515

E02CARREG
E05NUMTRA
E05TRATYP
E05TRADAT.

Processing Logic:

The program AVSP20 is executed. The user is able to use AVSR05 to select from among the various selection criteria available. The user may limit the report to a single county or group of counties, delimited by commas, by a housing office or group of housing offices, delimited by commans, and by a range of dates.

There are three areas that must be investigated to obtain the proper answer table.

First, the column "Number of Applications" is obtained by reading R02HOUSI and selecting records based upon the value of E02DATCAR for date comparison and E02ISSNUM and E02NAMCOU to verify that the record is included in the selected county and local housing office. If E02DATCAR is a date prior to the selected period, the counter in the column "YTD" is incremented. If E02DATCAR is within the range of the selected period, the counter for the column "Current" is incremented. The column "Total" is the sum of the contents of "YTD" and "Current."

Next, to obtain the Number of Vouchers, check E02ORIGVOU for a non-zero value. If E02ORIGVOU is equal to zero, no voucher points have been awarded. If E02ORIGVOU is non-zero, read the child R05TRANS records to determine the date of initial voucher point award. R05TRANS is read for a record with "01" in the field E05TRATYP. This corresponds to the initial allocation of voucher points by the State. The date - E05TRADAT - associated with this Transaction Type is evaluated. If the date is prior to the selected period, the counter for the column "YTD" will be incremented. If the date is within the selected period, the counter for the column "Current" will be incremented. Either the field E05NUMTRA or the field E02ORIGVOU may be used for incrementing the totals. Again, the column "Total" is the sum of the contents of "YTD" and "Current."

Finally, to obtain the Number of Purchases, check E02PURIND for indication that a Housing Purchase was made. If this is indicated, read the child R05TRANS to determine the date of purchase. R05TRANS is read for a record with "06" in the field E05TRATYP. This corresponds to the housing purchase transaction. The date - E05TRADAT - associated with this Transaction Type is evaluated. If the date is prior to the selected period, the counter for the column "YTD" will be incremented. If the date is within the selected period, the counter for the column "Current" will be incremented. Again, the column "Total" is the sum of the contents of "YTD" and "Current."

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Subtotals should be produced for each Local Housing Office, for each District/County, and grand totals should be produced at the end of the report.

Screen Environment:

Active Keys AVSR01:	ENTER
	F1
	Shift-F1
	⇦, ⇨, ⇧, ⇩
	Tab, Backtab
	ESC

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Voucher Transactions Status Report
For the Period 99.99.9999 to 99.99.9999

		Number of Applications			Number of Vouchers			Number of Purchases	
	YTD	Current	Total	YTD	Current	Total	YTD	Current	Total
istrict A									
Local Housing Office 1									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 2									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 3									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 4									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict A Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict B									
Local Housing Office 5									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 6									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 7									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict B Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
istrict C									
Local Housing Office 8									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
Local Housing Office 9									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Voucher Transactions Status Report
For the Period 99.99.9999 to 99.99.9999

		Number of Applications			Number of Vouchers			Number of Purchases	
	YTD	Current	Total	YTD	Current	Total	YTD	Current	Total
Local Housing Office 10									
	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
strict C Subtotals	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
tal All Districts	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999

Estonian Automated Voucher System
Housing Voucher System - Voucher Transaction Report

Select County:
Select Housing Office:
Select for Period Beginning: Ending:

Enter - Select Option Shift F1 - List Options
F1 - Help ESC - Exit to Previous Screen

AVSR05

60

Report Program: Master File Update Routine

Program Name:	AVSP21	**Version:**	1.0
Screen Sets:	None	**Date:**	7 December 1992

Description: This is the Housing Voucher Manager **Master File Update Routine**. This program collects all records for submission to the central Housing Voucher data base in the Estonian State Computer Center's Automated Voucher System in Tallinn. The intent of this program is to collect all records which have been modified or added since the last report, and submit them to the SCC's database. Records are selected by checking the date of last report in the system parameters file against the date a record was last modified. Any records found are written to diskette for transmission to the SCC.

At the same time, a short listing should be produced listing the number of records produced by type (i.e. R01INDIV - 45, R02HOUSI - 52, etc.) and including the identity of the housing office that is making the submission. Also, the date of the submission should be included as well.

The user selects this function from the Report Manager.

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSP21 Active Records:	User's Security Access Record
AVSP21 Active Data Elements:	Security Access Granted Indicator
Processing Active Records:	T01COUNTY
	T02ISSUE
	R01INDIV
	R02HOUSI
	R04ADDCA
	R05TRANS
	R06CONVE
	R07AGVOU
Processing Active Data Elements:	T01COUCOD
	T01COUNAM
	T02ISSID
	T02ISSNAM
	E01DATUPD
	E02DATUPD
	E04DATUPD

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E05DATUPD
E06DATUPD
T0XDATRPT.

Processing Logic:

The user selects AVSP21 from the Report Manager menu. The program AVSP21 is executed. A screen requesting user confirmation for execution should be displayed, giving the user the opportunity to proceed or to cancel processing. If the user chooses cancel processing, control returns to the Report Manager. If the user selects to continue, the routine obtains the value for T0XDATRPT (At this writing, this element is not in the system table. It is the date a submission was last made to the SCC.) The system compares the value of this date to the values of E0XDATUPD in each of the Housing Voucher records. If the date of the DATUPD is more recent than the date of last report, this record should be selected and written to a temporary file. Once processing is complete, the size of the temporary file should be checked and the number of diskettes required reported to the user. A possible option might be to include a BACKUP routine batch file that would tell the user how many diskettes will be required and then ask the user whether they would like to proceed with backup or not.

The programmer will want to plan for incorrectly inserted diskettes, insertion of unformatted diskettes, insertion of diskettes of the wrong disk density. The programmer may need to also prompt the user for the size of the drive or the density of the diskettes available prior to Backup. This really depends upon the distribution of equipment throughout the housing offices. Ideally, all offices are equipped with 3 1/2 inch, HD floppy drives.

Counters should keep track of the number of records of each type which are selected. At the completion of processing, a report should be generated providing totals, the name of the reporting office, and the date of the report. This listing should accompany the diskette to the SCC.

Following successful completion of the update routine, the value of T0XDATRPT should be updated with the current system date.

Screen Environment:

Active Keys:

ENTER
F1
Shift-F1
⇦, ⇨, ⇧, ⇩
Tab, Backtab
ESC

602

Report Program: Master File Update Routine

Program Name:	AVSP22	**Version:**	1.0
Screen Sets:	None	**Date:**	9 December 1992

Description: This is the Housing Voucher Manager **Master File Update Routine**. This program updates the master file at the SCC with the submissions from the various housing offices. The input to this routine is the output from AVSP21.

Records are submitted by the local housing offices by diskette. (Assume "Backed Up" files.) The contents of the diskettes are restored to the hard drive on the SCC Housing Voucher machine. These files are the input files to AVSP22. (We recommend that the submission from a single housing office be performed and evaluated prior to the submission from a subsequent housing office.)

The user at the SCC selects Master File Update from the Report Manager menu. A screen should be displayed asking the user whether to proceed or to cancel processing. If the user decides to proceed with the update, a second message screen should be displayed informing the user that this submission is from XXXXX Housing Office, created on XXXXX date, and contains XX records of type R0XXXXXX. The screen should request the user to confirm whether to proceed with processing.

If the user decides to continue processing, the routine updates the files in the SCC's version of the Housing Voucher Manager. Following processing, a screen displaying the number of records processed by type, the number of errors encountered, and a request to print a processing report is shown. (Format of these reports should be as simple as possible. They are only for the purpose of audit trail for the SCC. For this reason, no design is provided.)

Called By: AVSP05.

Programs Called: None

Data Environment:

AVSP22 Active Records:	User's Security Access Record
AVSP22 Active Data Elements:	Security Access Granted Indicator
Processing Active Records:	T01COUNTY T02ISSUE R01INDIV

	R02HOUSI
	R04ADDCA
	R05TRANS
	R06CONVE
	R07AGVOU
Processing Active Data Elements:	T01COUCOD
	T01COUNAM
	T02ISSID
	T02ISSNAM
	As required.

Processing Logic:

The user selects AVSP22 from the Report Manager menu. The program AVSP22 is executed. A screen requesting user confirmation for execution should be displayed, giving the user the opportunity to proceed or to cancel processing. If the user chooses cancel processing, control returns to the Report Manager. If the user selects to continue, the routine obtains the size of the file for submission, the number of records by record type from the submission file, the identity of the submitting office, and the value for T0XDATRPT (At this writing, this element is not in the system table. It is the date a submission was last made to the SCC.) This information is displayed on the screen and the user is asked to confirm processing or to cancel and return to the Report Manager.

If the user decides to proceed with processing, the system begins to read records from the temporary submission file in ascending record name order (R01INDIV, R02HOUSI, etc). The primary key of the record (E0XPRIKEY) is read and compared to primary key values of the same record type in the SCC files. If that record is found, the record is overwritten by the submission record. If that record is not found, one of two possibilities exist: It is a new record submitted for addition, or it is in error. If the parent exists, write the record to the file. If the parent does not exist, write the record to an error file for manual investigation. If the record in question is R01INDIV, read on the field E01PERCOD to see if that individual is already in the file under a different primary key. If so, report that record as an error for manual investigation. If not, write the record to the file. (It is possible to streamline this procedure by including a field in each record identifying the function performed on the record - Add, Modify, Delete - with the date of the update.)

Once processing is comleted for all file types, a report should be generated identifying the number of records by type which were written to the SCC file and the number by type which were in error. The report should also include the date of processing and the identity of the local housing office making the submission. This should complete the SCC's audit trail for submissions

Screen Environment:

Active Keys:	ENTER F1 Shift-F1 ⇦, ⇨, ⇧, ⇩ Tab, Backtab ESC

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Appendix F Sample Forms

- **Popular Capital Obligation Card (Yellow Card); "Rahvakapitali Obligatsiooni Arvestuskaart"**
- **Additional Card; "Lisakaart"**

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RAHVAKAPITALI OBLIGATSIOONI ARVESTUSKAART

1. KAARDI REGISTREERIMISNUMBER	
2. PEREKONNANIMI	5. ISIKUKOOD
3. EESNIMI	6. LASTE ARV (numbritega)
4. EESTIS ALALISELT ELANUD ALATES	A.

Arvestuskaardi väljastanud isiku

ametikoht	nimi	allkiri

Arvestuskaardi väljastamise kuupäev				pitsat

Töötamise aeg alates 1945. aasta 1. jaanuarist käesoleval ajal Eesti Vabariigi jurisdiktsioonile alluval territooriumil palknevate töötajate juures	A	P
Töötamise ajaga võrdsustatud tegevusaeg nimetatud ajavahemikul, vastavalt EV riiklike ja munitsipaaleluruumide erastamise seaduse § 10 antud loetelule:	Aastad sõnadega, päevad numbritega	
1) loomelitudes ja kutseühingutes	A	P
2) kirikus või registreeritud usuorganisatsioonides	A	P
3) talus enne kollektiivmajandite moodustamist	A	P
4) ettevõtte lähetusel väljaspool Eesti	A	P
5) NSVL relvajõududes või alternatiivteenistuses	A	P
6) õppimisel kõrgkoolis või keskerioppeasutuses	A	P
7) invaliidi, vanuri, väikelapse hooldamisel	A	P
8) laste kasvatamisel	A	x
9) töötuna või ümberõppel	A	P
10) kinnipidamiskohas või asumisel viibimisel	A	P
11) pensioniseaduse § 9 järgi soodustingimustel vanaduspensioni ja vanaduspensioni saamiseks vajaliku pensioniõigusliku staaži aastate vahe	A	x
12) vanemateta kasvanud isikute hooldusasutustes viibimisel	A	P
Täiendav rahvakapitali obligatsioon lammutatud eluruumide omanikule	A	P

TÖÖAASTATE KOGUSUMMA, ümardatuna täisaastateks (sõnadega ja numbritega)	A	A
sealhulgas TÖÖAASTAD ÜHISMAJANDIS, ümardatuna täisaastateks	A	A

Töötaažiandmete õigsust tõendava isiku

ametikoht	nimi	allkiri

Andmete õigsuse tõendamise kuupäev				pitsat

Märge ühismajandi tööosakust loobumise kohta

Arvestuskaardi omaniku nimi _____

Ühismajandi nimetus _____ päev kuu aasta

Reformikomisjoni esimehe nimi _____ allkiri _____

Reformikomisjoni sekretäri nimi _____ allkiri _____

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OSAKUKÄIVE

TEHINGU NIMETUS	TEISE OSAPOOLE NIMI JA ISIKUKOOD	+/-	ÜLEKANTAVAD TÖÖAASTAD	NOTARI TÕESTUS
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				

ÄLJA ANTUD LISAKAART REG.NR.

Lisakaardi väljastanud isiku

ametikoht	nimi	allkiri

Lisakaardi väljastamise kuupäev	pitsat

ÄLJA ANTUD RAHVAKAPITALI OBLIGATSIOONI VÄÄRTUS

sõnadega	numbritega

hvakapitali obligatsiooni välja andnud isiku

ametikoht	nimi	allkiri

Väljaandmise kuupäev	pitsat

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RAHVAKAPITALI OBLIGATSIOONI ARVESTUSKAARDI
LISAKAART

1. KAARDI REGISTREERIMISNUMBER	
2. PEREKONNANIMI	4. ISIKUKOOD
3. EESNIMI	

Lisakaardi väljastanud isiku

ametikoht	nimi	allkiri

Lisakaardi väljastamise kuupäev			pitsat

OSAKUKÄIVE

TEHINGU NIMETUS	TEISE OSAPOOLE NIMI JA ISIKUKOOD	+/-	ÜLEKANTAVAD TÖÖAASTAD	NOTARI TÕESTUS
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				

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OSAKUKÄIVE

TEHINGU NIMETUS	TEISE OSAPOOLE NIMI JA ISIKUKOOD	+/-	ÜLEKANTAVAD TÖÖAASTAD	NOTARI TÕESTUS
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				
VAHEKOKKUVÕTE				

6/10

Deloitte & Touche

AUTOMATED VOUCHER SYSTEM

COMPUTER SOFTWARE
TRAINING AND IMPLEMENTATION INSTRUCTIONS

ESTONIAN VERSIONS

Deliverable

Delivery Order No. 12
Task III, Asset Distribution Program Computer System Development

Contract No. EUR-0014-I-00-1056-00
U.S. Agency for International Development
EUR/RME/ER/ED

MAY 1993

Deloitte Touche
Tohmatsu
International

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Introduction

Attached are diskettes containing the Automated Voucher System computer program. Also attached is the Estonian language User's Guide for the System and the final training schedule of the State Computing Center.

This program was prepared by the State Computing Center programmers under the guidance of the Deloitte & Touche Consortium systems advisor.

EESTI RIIGIVARAAMET **DEPARTMENT OF STATE PROPERTY**

Gustavo A. Vega
Deloitte & Touche
1001 Pennsylvania Avenue NW
Washington, DC 20004-2505

Tallinn, 22 April, 1993

Dear Mr Vega,

I would like to inform you about a successfully launching privatization process in Estonia using the Automatic Voucher System for this purpose. The first phase of the System has been distributed and is in use all over Estonia.

Hereby I would like to emphasize the effort of Mr. Thomas Balderston starting this process. We do appreciate highly his participation in the project under discussion.

Presently privatization of an apartment sited on the territory of another local government by means of a Popular Capital Voucher is not allowed according to the law. Therefore the application software developed by the ESCC misses this possibility as well.

We value much your support and hope further co-operation with you designing privatization process in Estonia.

With regards,

Riho Rasmann

1, SUUR-AMEERIKA STR.
EE0100 TALLINN
ESTONIA

tel. 68 29 74
fax. 68 16 42

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Riigiarvutuskeskus

Rahvakapitali osakukaartide register

Kasutajajuhend

Tallinn 1993

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Autorid

Tiiu Strauss - töögrupi juht.
Mart Seiman - programmeerija. Programmi üldine disain, peaprogramm, teenindusprogrammid.
Ella Teekel - programmerija. Andmesisestusprogrammid.

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1. Programmi HV paigaldamine arvutisse

Programmi HV levitatakse Riigiarvutuskeskuse poolt kas ühel viietollisel 1.2 megabaidisel või ühel kolmetollisel 1.44 megabaidisel disketil ühe suure pakitud failina.See fail on HVS.ZIP ning ta suurus on ligikaudu 780-800 kilobaiti.

1. 1 Nõuded arvutile

Enne programmi installeerimist arvutisse:

1) vaadake, et arvuti, kuhu kavatsete paigaldada HVS-paketi, oleks vähemalt IBM PC/AT tüüpi või parem. Programm HV on kirjutatud Foxpro 2.0-s, mis vajab küllalt palju arvuti ressursse. Seetõttu soovitame teda kasutada vähemalt IBM PC/AT-tüüpi või parematel arvutitel. Me ei soovita programmi HVS kasutada IBM PC/XT tüüpi arvutitel.

2) kontrollige, kas Teie arvuti kõvakettal on piisavalt vaba kettamälu programmi paketi paigaldamiseks ja andmete salvestamiseks. Seejuures pidage silmas järgmisi aspekte:

- programmi pakett HVS ise koos tühjade andmebaasidega vajab kettamälu pisut alla 2 megabaidi;
- lisaks programmile vajate te kettamälu ca 200-250 baiti iga inimese kohta, kellele teie asutus või organisatsioon väljastab rahvakapitali obligatsiooni arvestuskaardi. Näiteks majavalitsus või kohalik omavalitsus, kes peab välja andma rahvakapitali obligatsioonide arvestuskaardid 10000-le inimesele, vajab andmete säilitamiseks kettamälu ca 2-2.5 megabaiti.
- lisaks andmetele vajab programm normaalseks tööks ca 2 megabaiti vaba kettamälu. Seega vajab programm HVS normaalseks tööks 10000 arvestuskaardi väljastamisel ca 6 megabaiti kettamälu.

Kui need nõuded on täidetud, võite programmi HVS oma arvutisse paigaldada.

1.2 Programmi installeerimine

Programmi installeerimine kasutaja arvuti kõvakettale toimub järgmiselt:

1) looge omaette alamkataloog kõvakettale paketi HVS tarbeks. Soovitav kataloogi nimi oleks HVS. Kataloogi loomiseks kasutage MS DOSi käsku MD:

C:>MD HVS <Enter>

2) Seejärel asetage HVS-paketi INSTALL-diskett disketiseadmesse ja startige lahtipakkimisutiliit PKUNZIP järgmise süntaksi kohaselt:

A:>PKUNZIP -o HVS <drive><kataloog> <Enter>

Parameetrid <drive> ja <kataloog> tähistavad kettaseadet ja kataloogi, mille äsja lõite paketi HVS tarbeks.

1.3 Paketi koosseisu kuuluvad failid

Peale failide edukat lahtipakkimist peavad teie arvutis paketi HVS kataloogis olema järgmised failid:

- HV.EXE - paketi põhiprogramm;
- ISDISKIN.BIN - abiprogramm disketi kontrolliks;
- HVSTATUS.DBF - fail programmitööks vajalike muutujate säilitamiseks;
- HVVARV.DBF - värvimuutujate fail;
- HVVARV.FPT - värvimuutujate fail;
- HVHELP.DBF - HELP-tekstide fail;
- HVHELP.FPT -.HELP-tekstide fail;
- HVMENU.DBF - menüüde fail;
- HVMAKRO.DBF - klaviatuuri makrode fail;
- HVMAKRO.FPT -.klaviatuuri makrode fail;
- R01INDIV.DBF - isikute register, kellele on väljastatud rahvakapitali obligatsiooni arvestuskaart;
- R02HOUSI.DBF - asutuste/organisatsioonide nimistu, kellel on õigus välja anda rahvakapitali obligatsioonide arvestuskaarte;
- R03MAHA.DBF - mahakantud või tühistatud rahvakapitali obligatsiooni arvestuskaartide register;
- R04KORT.DBF - andmed korterite ostmise kohta rahvakapitali obligat-sioonide eest (esimesel etapil see fail puudub);
- R05TRANS.DBF - andmed põhiliste operatsioonide (kinkimine ja pärimine) kohta rahvakapitali obligatsiooni arvestuskaartidega (esimesel etapil see fail puudub);
- R08TERRI.DBF - Eesti maakondade ja vabariiklike linnade nimistu.

2. Töö RKO arvestuskaardi vormidega

Kui soovitakse töötada RKO arvestuskaardi vormiga (vorm2, vorm2a, vorm3), siis tuleb peamenüüst teha vastav valik (vt. peamenüü esimest valikut <Osakud> ja selle tegevusi).

Peale valiku tegemist ilmub ekraanile vastava vormi makett koos aktiivse "Abimenüü"-ga. Viimane rida ekraanil seletab "Abimenüü" jooksvat tegevust.

Ekraani alumises vasakus nurgas on kaks numbrit, millest esimene (kaldkriipsust vasakul) näitab, mitmenda isiku andmed on momendil ekraanil nähtavad ja teine number (kaldkriipsust paremal) näitab, mitme isiku andmed on juba sisestatud.

2.1. Abimenüü

Kui "Abimenüü" on nähtav, siis on ta ka aktiivne, s.t. et antud aknas tuleb teha olemasolevate tegevuste seast sobiv valik. Tegevust saab valida kahte moodi:

- tuleb liikuda nooleklahvidega üles-alla soovitud tegevuse peale ja vajutada <Enter>-ile;
- tuleb vajutada tegevust iseloomustava sõna aktiivsele täheklahvile (täht, mis "Abimenüü" tegevuste kirjelduses on esile toodud teise värviga).

"Abimenüü" tegevused

Järgmine – toob ekraanile jooksva vormi järgmise isiku andmed;

EelMine – toob ekraanile jooksva vormi eelmise isiku andmed;

Esimene – toob ekraanile jooksva vormi esimese isiku andmed;

Viimane – toob ekraanile jooksva vormi viimase isiku andmed;

LeHt – tegevus antakse üle jooksva vormi maketile. Antud tegevus võimaldab otsida juba sisestatud andmete seast soovitud lehtede andmeid.

Päringumakett tuleb täita järgmiselt:

- maakonnanimi ilmub esimesele reale ja kursor paikneb teisel real. Kui soovitakse andmeid teise maakonna kohta, tuleb nooleklahviga liikuda esimesele reale, sisestada uus maakonnanimi või vajutada võtmele <F9> (vt. ekraanil viimast rida), mis väljastab sisestatud maakondade nimekirja, kust saab teha valiku;
- teisele reale saab sisestada arvestuskaardi väljastaja. Sisestusvigade vältimiseks võib vajutada võtmele <F9> (vt. ekraanil viimast rida), mis väljastab vajaliku nimekirja, kust saab teha valiku (<ENTER> toob valitud ettevõttenime maketi teisele reale);
- kolmandale reale tuleb märkida aruandeperiood;

2.2. VORM 2

Ekraanipilt:

```
RAHVAKAPITALI OBLIGATSIOONIDE ARVESTUSKAARTIDE REGISTREERIMISNIMEKIRI
                                                                Vorm 2
Maakond: Saare maakond
Arvestuskaardi väljastaja: Muhu vallavalitsus
Aruandeperiood: 12.92
Leht:    1                                          Abimenü
                                                    Järgmine
                                                    EelMine
Jrk.nr.  1                                          Esimene
Registreerimise nr. 74408123450                     Viimane
Isikukood:                                          LeHt
Perekonnanimi: Raja                                 Isik
Eesnimi: Teele
Sünniaasta: 1943                                    Lisamine
Tunnus:                                             Parandamine
Sugu: N
Laste arv: 2                                        Vorm2
Eestis alaliselt alates: 11.11.1943                 Vorm2a
Kaardi väljaandmise kuupäev: 12.12.1992             Vorm3
ISIK: 1/15                                          Quit

                Toob ekraanile järgmise isiku andmed
```

Joonis 2.1.

Kui andmeid pole veel sisestatud, on ekraani vasakus alumises nurgas teade "ISIK: 0/0". Sellisel juhul saab andmeid ainult lisada. Parandamise ja otsimise tegevused ei tööta, kuna pole midagi parandada ega otsida.

Andmete lisamiseks tuleb "Abimenüüst" valida tegevus <Lisamine>. Ekraani alumisele reale ilmub teade -

"Lisamine: <Esc> - tühistab tegevuse <F2> - salvestab",

s.t. et - kui soovitakse lõpetada andmete lisamine ja pöörduda "Abimenüüsse", tuleb vajutada <Esc>-klahvile. Sellisel juhul viimati sisestatud andmed lähevad kaduma. Nähtavale ilmub "Abimenüü", kust saab teha järgmise valiku.

- kui soovitakse salvestada sisestatud isiku andmed, tuleb vajutada võtmele <F2>, viimati sisestatud andmed kantakse andmebaasi. Ekraanile väljastatakse järgmise isiku andmete sisestamiseks makett, mille päis on täidetud eelmise sisestuse andmetega, kuna eeldatakse, et järgmise isiku andmed asuvad samal algdokumendil. Kui päisesse on vaja kanda uued andmed, tuleb liikuda nooleklahviga soovitud päise reale ja teha vajalik sisestus.

Sisestades andmeid ja liikudes realt-reale tuleb jälgida ekraani viimast rida, kus on informatsioon jooksva sisendi võimalike väärtuste kohta.

Veateated ilmuvad ekraani ülemisse paremasse nurka juhul, kui lahter pole korrektselt täidetud. Veateate kaotamiseks ekraanilt tuleb vajutada suvalisele klahvile ja jätkata andmete sisestamist. Vigase või tühja välja puhul (juhul, kui väli ei tohi olla tühi) võib kursor <Enter>-ile vajutades jääda jooksvasse lahtrisse seni kuni pole sisestatud korrektsed andmed.

- neljandale reale tuleb sisestada otsitava lehe number;
- viiendale reale tuleb sisestada otsitav järjekorranumber.

Päringulehe täitmisel pole oluline kõigi viie rea täitmine, kuid read peavad olema täidetud järjestikku, s.t. et kui on täidetud esimene rida (maakonnanimi) ja soovitakse täita kolmandat rida (aruandeperiood), siis tuleb täita ka teine rida (arvestuskaardi väljastaja).

Päringu fikseerib võti <F2>, mille vajutamise järel hakkavad päringus etteantud tingimustele vastavad andmed ilmuma ekraanile. Neid andmeid saab kerida edasi, tagasi või lahkuda "Abimenüüsse" (neid tegevusi saab sooritada ekraanil ülemises paremas nurgas oleva menüü abil).

Näide: (eeldame, et allpool kirjeldatud andmed on sisestatud) sisestatakse maakonnanimi - "Saare maakond", arvestuskaardi väljastaja - "Muhu vallavalitsus", aruandeperiood - "12.92" ja leht - "3" ning vajutatakse võtmele <F2>, mis fikseerib antud päringu. Oletame, et antud andmed on sisestatud, vastasel juhul edastatakse teade andmete puudumise kohta. Ekraanil võib näha andmeid, mis vastavad eelpool kirjeldatud tingimustele. Antud tingimustele vastavaid andmeid võib kerida edasi, tagasi või väljuda antud otsimisreziimist. Read, millega tingimus on paika pandud, tuuakse ekraanil esile intensiivsema värviga. <Esc> klahvi abil saad lahkuda antud keskkonnast "Abimenüü"-sse.

<u>Isik</u> - tegevus antakse üle jooksva vormi maketile. Antud tegevus võimaldab otsida juba sisestatud andmete seast soovitud isiku andmeid. Päringumaketi täitmisel tuleb silmas pidada, et isikut saab otsida kas registreerimise numbri või perekonna (ja eesnime) järgi, s.t. et kui on sisestatud registreerimise number, siis nime enam sisestada ei saa ja vastupidi, kui on sisestatud nimi, siis ei sa sisestada registreerimise numbrit. Võti <F2> fikseerib ära soovitud päringu. Nime järgi otsimisel võib sisestada eesnime, kuid see pole kohustuslik. Kui samanimelisi isikuid on rohkem kui üks, saab nende andmed tuua üksteise järel ekraanile ja kerida neid edasi-tagasi. Kui andmeid rohkem pole, ilmub vastav teade ka ekraanile. Read, millega tingimus on paika pandud, tuuakse ekraanil esile intensiivsema värviga. <Esc> klahv viib tagasi "Abimenüü"-sse.

<u>Lisamine</u> - tegevus antakse üle jooksva vormi maketile. Antud tegevus võimaldab lisada uusi andmeid.

<u>Parandamine</u> - tegevus antakse üle jooksva vormi maketile. Antud tegevus võimaldab parandada ekraanil oleva isiku andmeid.

<u>Vorm2</u> - toob ekraanile vorm2 maketi.

<u>Vorm2a</u> - toob ekraanile vorm2a maketi.

<u>Vorm3</u> - toob ekraanile vorm3 maketi.

<u>Quit</u> - lahkub peamenüüsse.

Vaatame lähemalt sisestatavaid andmeid:

Maakond: – vt. ekraani alumist rida, mis ütleb, et tühi sisend või <F9> väljastavad maakondade nimekirja, s.t. et kui antud ritta ei sisestata andmeid ja vajutatakse <Enter>-ile ilmub ekraanile aken koos maakondade nimekirjaga. Liikudes nooleklahvide abil (üles-alla) soovitud maakonnanimele ja vajutades <Enter>-ile, saame antud maakonnanime oma maketi esimesele reale. Sama aken koos maakondade nimekirjaga ilmub ekraanile ka siis, kui vajutatakse võtmele <F9>. Selleks, et liikuda kiiresti maakondade nimekirja aknas soovitud maakonnanime peale, võib vajutada ka maakonnanime esitähe klahvile ning valikuriba liigub antud tähega algava esimese maakonnanime peale. Nime lõplikuks valikuks tuleb vajutada <Enter>-ile.

Antud reale võib ka ise andmeid sisestada ilma, et kasutaks maakondade nimekirja. Sellisel juhul toimub sisestuse õigsuse kontroll. Võib sisestada ka ainult osa maakonnanimest (NB! nime algusest) ja vajutada <Enter>-ile. Kui sisestatud algusega maakond maakonnanimekirjas eksisteerib, siis väljastatakse terve nimi vastavasse lahtrisse ja võib hakata sisestama järgmist rida. Maakonna lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui on sisestatud vale maakonnanimi või püütakse sisendlahter jätta tühjaks.

Arvestuskaardi väljastaja: – vt. ekraani alumist rida, mis ütleb, et tühi sisend või <F9> väljastavad antud maakonna ettevõtete nimekirja, s.t. et kui antud ritta ei sisestata andmeid ja vajutatakse <Enter>-ile, ilmub ekraanile aken koos ettevõtete nimekirjaga. Number iga ettevõttenime järel näitab ettevõtte järjekorranumbrit antud tüüpi arvestuskaarte väljastava ettevõtte nimekirjas ja on mõeldud juhuks, kui nimekirjas on mitu ühenimelist ettevõtet ja nende eristamiseks on vaja teada järjekorranumbrit (mis kajastub ka registreerimisnumbris 4. ja 5. kohal). Liikudes nooleklahvide abil (üles-alla) soovitud ettevõtte nimele ja vajutades <Enter>-ile saame antud ettevõtte nime oma maketi teisele reale. Sama aken koos ettevõtete nimekirjaga ilmub ekraanile ka siis, kui vajutatakse võtmele <F9>. Selleks, et liikuda kiiresti ettevõtte nimekirja aknas soovitud ettevõtte nime peale, võib vajutada ka ettevõtte nime esitähe klahvile ning valikuriba liigub antud tähega algava esimese ettevõtte nime peale. Nime lõplikuks valikuks tuleb vajutada <Enter>-ile.

Antud reale võib ka ise andmeid sisestada ilma, et kasutaks ettevõtete nimekirja. Sellisel juhul toimub sisestuse õigsuse kontroll. Võib sisestada ka ainult osa ettevõtte nimest (NB! nime algusest) ja vajutada <Enter>-ile. Kui sisestatud algusega ettevõte antud maakonna ettevõttenimekirjas eksisteerib, siis väljastatakse terve nimi vastavasse lahtrisse ja võib hakata sisestama järgmist rida.

Arvestuskaardi väljastaja lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui on sisestatud vale ettevõtte nimi või püütakse sisendlahter jätta tühjaks.

Aruandeperiood: – sellesse lahtrisse tuleb sisestada algdokumendil olev aruandeperiood kujul "kuu.aasta" (näiteks. 01.93).

Aruandeperioodi lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui on sisestatud vale kuu või kui aasta on väiksem kui 92 või suurem kui käesolev aasta.

Leht: – sellesse lahtrisse tuleb sisestada algdokumendi lehe number.

Jrk.nr. – sellesse lahtrisse tuleb sisestada algdokumendilt sisestatava isiku järjekorra number.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui antud järjekorranumbriga on andmed juba sisestatud (s.t. et sama maakonna ja ettevôtte nimega, sama perioodi ja lehenumbriga on sisestatav järjekorranumber juba olemas). Veateate korral saab maketipäisesse liikuda siis, kui järjekorranumbri lahter on tehtud tühjaks (kasuta <Del> klahvi).

Registreerimise nr. – antud lahtri täitmisel tuleb jälgida, et viis esimest numbrikohta on juba täidetud, kuna nad sôltuvad maakonna ja ettevôtte valikust. Viite esimest numbrit saab muuta ainult uue maakonna ja/vôi ettevôtte nime sisestamisel. Registreerimise numbri teine osa tuleb sisestada vastavalt algdokumendi andmetele.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui sisestatud registreerimisnumbriga andmed juba eksisteerivad vôi kui antud registreerimisnumberiga andmed on vormiga 2a maha kantud.

Isikukood: – antud lahtrisse kirjutatakse isikukood juhul, kui algdokumendil antud kood eksisteerib. Isikukoodi sisestamisel täidetakse automaatselt sünniaasta ja soo lahtrid, kuna need andmed kajastuvad isikukoodis.

Isikukoodi lahter vôib jääda tühjaks.

Veateade väljastatakse juhul, kui antud isikukood on juba sisestatud vôi kui isikukoodis on viga.

Perekonnanimi: – antud lahtrisse tuleb sisestada isiku perekonnanimi.

Antud lahter ei tohi jääda tühjaks.

Eesnimi: – antud lahtrisse tuleb sisestada isiku eesnimi.

Antud lahter ei tohi jääda tühjaks.

Sünniaasta: – antud lahtrisse tuleb sisestada isiku sünniaasta juhul, kui isikukoodi pole sisestatud. Kui isikukood on sisestatud, siis sünniaasta lahter on juba täidetud ja sünniaastat saab parandada ainult isikukoodi muutmise vôi kustutamise teel.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui sünniaasta on väiksem kui 1880 vôi suurem kui käesolev aasta. Kui samanimelise ja sama sünniaastaga isiku andmed on juba sisestatud, tuleb vastav teade ekraanile koos vastava registreerimisnumbriga. See on hoiatav teade, mis ei katkesta sisestamist, kuid juhib tähelepanu antud faktile.

Tunnus: – antud lahter täidetakse juhul, kui isik on surnud aastal 1992 vôi hiljem. Sellisel juhul sisestatakse surma-aasta.

Antud lahter vôib jääda tühjaks.

Veateade väljastatakse juhul, kui tunnus on väiksem kui 1992 vôi suurem kui käesolev aasta.

Sugu: – antud lahtrisse tuleb sisestada isiku sugu juhul, kui isikukoodi pole sisestatud. Kui isikukood on sisestatud, siis antud lahter on juba täidetud ja sugu saab parandada ainult isikukoodi muutmise vôi kustutamise teel.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui lahtrisse pole sisestatud "M" vôi "N".

Laste arv: – antud lahtrisse tuleb märkida laste arv. Kui lapsi pole, jääb lahter tühjaks.

Eestis alaliselt alates: – antud lahtrisse tuleb sisestada kuupäev. Kui sisestatav aasta kuulub sellesse sajandisse, siis võib aasta sisestada kahe viimase aastaarvuga.
Antud lahter ei tohi jääda tühjaks.
Veateade väljastatakse juhul, kui sisestatud aasta on väiksem sünniaastast või suurem käesolevast aastast. Samuti juhul, kui on tehtud viga päeva või kuu sisestamisel.

Kaardi väljaandmise kuupäev: – antud lahtrisse tuleb sisestada kuupäev. Aasta sisestamisel piisab kahe viimase aastaarvu sisestamisest.
Antud lahter ei tohi jääda tühjaks.
Veateade väljastatakse juhul, kui sisestatud aasta on väiksem kui 1992 või suurem käesolevast aastast. Samuti juhul, kui on tehtud viga päeva või kuu sisestamisel.

2.3. VORM 2A

Ekraanipilt:

AKTIGA MAHAKANTUD RKO ARVESTUSKAARTIDE REGISTREERIMISNIMEKIRI

Vorm 2A

Maakond: Saare maakond
Arvestuskaardi väljastaja: Muhu vallavalitsus
Aruandeperiood: 12.12.1992
Leht: 1

Abimenü
Järgmine
EelMine
Esimene
Viimane
LeHt
Isik
Lisamine
Parandamine
Vorm2
Vorm2a
Vorm3
Quit

Jrk.nr. 1
Registreerimise nr. 74408000010
Perekonnanimi: Valge
Eesnimi: Ehn
Akti number: 12
Akti kuupäev: 11.11.1992

ISIK: 1/3

Toob ekraanile järgmise isiku andmed

Joonis 2.2.

Kui andmeid pole veel sisestatud, on ekraani vasakus alumises nurgas teade "ISIK: 0/0". Sellisel juhul saab andmeid ainult lisada. Parandamise ja otsimise tegevused ei tööta, kuna pole midagi parandada ega otsida. Selleks, et saaks lisada vorm2A andmed, peavad andmed vorm2-ga olema eelnevalt sisestatud, kuna maha saab kanda ainult vorm2-ga sisestatud RKO arvestuskaarte.

Vorm2a andmete sisestamiseks tuleb "Abimenüüst" valida te-

gevus <Lisamine>. Ekraanile ilmub tühi registreerimise number. Ekraani alumisele reale ilmub teade -
"Lisamine: <Esc> - tühistab tegevuse <Enter> - realiseerib otsimise",
s.t. et - kui soovitakse pöörduda "Abimenüüsse", tuleb vajutada <Esc>-klahvile. Nähtavale ilmub "Abimenüü", kust saab teha järgmise valiku;
- kui soovitakse vorm2a andmeid lisada, tuleb sisestada registreerimise number ja vajutada <Enter>-ile. Juhul, kui sisestatud registreerimise numbrile vastavad andmed leitakse vorm2 andmebaasist, väljastatakse need ekraanile ja lastakse lisada vorm2a andmed. Tööd võib katkestada <Esc>-klahviga. Sellisel juhul sisestatud registreerimisnumbrile vastavad andmed jäävad maha kandmata. Kui sisestatud registreerimisnumbrile vastavad andmed on juba maha kantud, siis väljastatakse andmed ekraanile ja neid andmeid on võimalik ainult parandada ("Abimenüüs" tegevus <Parandamine>) vorm2a andmete piires.

Kui vorm2a andmed on lisatud ja need soovitakse salvestada, tuleb vajutada võtmele <F2>. Lisamisreziimis töötades ilmub ekraanile uus tühi registreerimise number, mida võib uue vorm2a rea sisestamiseks täita või vajutada <Esc> klahvile "Abimenüüsse" pöördumiseks.

Vorm2a andmete sisestamisel ilmuvad võimalikud veateated ekraani ülemisse paremasse nurka juhul, kui jooksev lahter pole korrektselt täidetud. Veateate kaotamiseks ekraanilt tuleb vajutada suvalisele klahvile ja jätkata andmete sisestamist. Vigase või tühja välja puhul (juhul, kui väli ei tohi olla tühi) võib kursor <Enter>-ile vajutades jääda jooksvasse lahtrisse seni kuni pole sisestatud õige väärtus.

Vaatame lähemalt sisestatavaid andmeid:

Qige registreerimisnumbri sisestamisel ilmub osa vorm2a andmetest automaatselt ekraanile (andmed pärinevad vorm2-lt). Andmed, millele vorm2a-s ligi ei pääse, on <Maakond>, <Arvestuskaardi väljastaja>, <Registreerimise nr.>, <Perekonnanimi>, <Eesnimi>.

Andmed, mida saab vorm2a maketis lisada ja hiljem vajadusel parandada on:

Aruandeperiood: - sellesse lahtrisse tuleb sisestada algdokumendil olev aruandeperiood (kuupäev). Aasta võib sisestada kahe viimase aastaarvu abil.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui on sisestatud vigane päev või kuu või kui aasta on väiksem kui 1992 või suurem kui käesolev aasta.

Leht: - sellesse lahtrisse tuleb sisestada algdokumendi lehe number.

Antud lahter ei tohi jääda tühjaks.

Jrk.nr. - sellesse lahtrisse tuleb sisestada algdokumendilt järjekorra number.

Antud lahter ei tohi jääda tühjaks.

Veateade väljastatakse juhul, kui antud järjekorranumbriga on andmed juba sisestatud (s.t. et sama maakonna ja ettevõtte nimega, sama perioodi ja lehenumbriga on sisestatav järjekorranumber juba olemas). Veateate korral saab maketipäisesse liikuda siis, kui järjekorranumbri lahter on tehtud tühjaks (kasuta <Del> klahvi).

Akti number: – sellesse lahtrisse tuleb sisestada RKO arvestuskaardi mahakandmise akti number.
Antud lahter ei tohi jääda tühjaks.

Akti kuupäev: – antud lahtrisse tuleb sisestada RKO arvestuskaardi mahakandmise akti kuupäev.
Aasta sisestamisel piisab kahe viimase aastaarvu sisestamisest.
Antud lahter ei tohi jääda tühjaks.
Veateade väljastatakse juhul, kui sisestatud aasta on väiksem kui 1992 või suurem käesolevast aastast. Samuti juhul, kui tehti viga päeva või kuu sisestamisel.

2.4. VORM 3

Ekraanipilt:

RAHVAKAPITALI OBLIGATSIOONIDE TÖÖSTAAZIANDMETE REGISTREERIMISNIMEKIRI

Vorm 3

Maakond: Saare maakond
Arvestuskaardi väljastaja: Muhu vallavalitsus
Aruandeperiood: 12.92
Leht: 2

Jrk.nr. 4
Registreerimise nr. 74408123450
Perekonnanimi: Raja
Eesnimi: Teele
Tööaastate kogusumma: 33
Ühismajandis: 4
Tunnus:

ISIK: 1/15

Abimenü
Järgmine
EelMine
Esimene
Viimane
LeHt
Isik
Lisamine
Parandamine
Vorm2
Vorm2a
Vorm3
Quit

Toob ekraanile järgmise isiku andmed

Joonis 2.3.

Kui vorm2-e andmeid pole sisestatud, on ekraani vasakus alumises nurgas teade "ISIK: 0/0". Sellisel juhul ei saa vorm3-s "Abimenüü" tegevustest rakendada lisamist, parandamist ega otsimist, kuna andmeid, mida saaks lisada, parandada või vaadata lihtsalt pole. Vorm3-ga töö eeldab, et vorm2 andmed on juba sisestatud.

Vorm3 andmed saab sisestada "Abimenüü" tegevuste <Lisamine> ja <Parandamine> abil. Kui kasutatakse tegevust <Parandamine>, siis tuleb arvestada, et vorm3 andmeid saab lisada/parandada jooksva isiku kohta (andmed, mis on momendil ekraanil). Kui

Veateade väljastatakse juhul, kui ühismajandis töötatud aastate arv on suurem kui tööaastate kogusumma.

Tunnus: - antud lahtrisse sisestatakse tunnuseks "X", kui isik on loobunud oma ühismajandi tööosakust.

Antud lahter võib jääda tühjaks.

Veateade väljastatakse salvestamisel juhul, kui tunnuse lahtrisse püütakse sisestada mõni muu märk "X" või tühiku asemel.

kasutatakse tegevust <Lisamine>, ilmub ekraanile tühi registreerimise number, kuhu tuleb sisestada vorm3-e registreerimse nr. ja vajutada <Enter> klahvile, mis realiseerib otsimise ja toob otsitavad andmed maketile, või väljastab teate selle kohta, et andmed puuduvad. Kui soovitakse pöörduda tagasi "Abimenüüsse", tuleb vajutada <Esc> klahvile.
Eelpool kirjeldatud tegevused ilmuvad teatena ekraani alumisele reale -
"Lisamine: <Esc> - tühistab tegevuse <Enter> - realiseerib otsimise".

Kui vorm3 andmed on lisatud ja salvestatud võtmega <F2>, siis
- lisamisreziimi korral ilmub ekraanile uus tühi registreerimisnumbri lahter, kuhu võib soovi korral sisestada uue vorm3 reg.nr. või vajutada <Esc>-klahvile "Abimnüüsse" tagasi pöördumiseks.
- parandusreziimi korral antakse tegevus pärast andmete salvestamist võtmega <F2> üle "Abimenüü"-le.

Vorm3 andmete sisestamisel ilmuvad võimalikud veateated ekraani ülemisse paremasse nurka juhul, kui jooksev lahter pole korrektselt täidetud. Veateate kaotamiseks ekraanilt tuleb vajutada suvalisele klahvile ja jätkata andmete sisestamist. Vigase või tühja välja puhul (juhul, kui väli ei tohi olla tühi) võib kursor <Enter>-ile vajutades jääda jooksvasse lahtrisse seni kuni pole sisestatud õige väärtus.

Vaatame lähemalt sisestatavaid andmeid:

Õige registreerimisnumbri sisestamisel ilmub osa vorm3 andmetest automaatselt ekraanile (andmed pärinevad vorm2-lt). Andmed, millele vorm3-s ligi ei pääse, on <Maakond>, <Arvestuskaardi väljastaja>, <Registreerimise nr.>, <Perekonnanimi>, <Eesnimi>.
Andmed, mida saab vorm3 maketis lisada ja hiljem vajadusel parandada on:

Aruandeperiood: - sellesse lahtrisse tuleb sisestada algdokumendil olev aruandeperiood.
Antud lahter ei tohi jääda tühjaks.
Veateade väljastatakse juhul, kui on sisestatud vigane kuu või kui aasta on väiksem kui 92 või suurem kui käesolev aasta.

Leht: - sellesse lahtrisse tuleb sisestada algdokumendi lehe number.
Antud lahter ei tohi jääda tühjaks.

Jrk.nr. - sellesse lahtrisse tuleb sisestada algdokumendilt järjekorra number.
Antud lahter ei tohi jääda tühjaks.
Veateade väljastatakse juhul, kui antud järjekorranumbriga on andmed juba sisestatud (s.t. et sama maakonna ja ettevõtte nimega, sama perioodi ja lehenumbriga on sisestatav järjekorranumber juba olemas). Veateate korral saab maketipäisesse liikuda siis, kui järjekorranumbri lahter on tehtud tühjaks (kasuta <Del> klahvi).

Tööaastate kogusumma: - sellesse lahtrisse tuleb sisestada antud isiku tööaastate kogusumma.
Antud lahter ei tohi jääda tühjaks.

Ühismajandis: - antud lahtrisse tuleb sisestada ühismajandis töötatud aastate kogusumma.
Antud lahter võib jääda tühjaks.

3. ARUANDED

Aruannete alammenüü koosneb kahest punktist (vt joonis 3.1):
1) Aruanded ja nimistud
2) Andmed Riigiarvutuskeskusesse

House Voucher System - peamenüü 16:54:05

Osakud	Aruanded	Teenindus	Quit

Aruanded ja nimekirjad
Andmed Riigiarvutuskeskusse

Mitmesugused nimekirjad ja aruanded kogutud andmete põhjal

Joonis 3.1

3.1. Aruanded ja nimekirjad

Käesoleva menüüpunkti all toimub mitmesuguste eelnevalt programmis kirjeldatud aruannete formeerimine ja väljastamine. Seda vastavalt tarbija soovile kas ekraanile või printerile.

Programmi on projekteeritud 5 erinevat aruannet. Tehes <ARUANNETE> menüüs valiku <ARUANDED JA NIMEKIRJAD>, ilmub ekraanile viiest punktist koosnev alammenüü (vt joonis 3.2), millest

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House Voucher System - peamenüü 16:54:15

Osakud	Aruanded	Teenindus	Quit

Aruanded ja nimekirjad		
An	Isikute nimekiri Tööaastad Aruanne nr 3 Aruanne nr 4 Aruanne nr 5	eskusse

Nimekiri isikutest, kellele on väljastatud rahvakapitali osakukaart

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Joonis 3.2

tarbija valib sobiva. Seejuures tuleb silmas pidada asjaolu, et seisuga jaanuar 1993 on nendest viiest realiseeritud kaks esimest:

1) isikute nimekiri,
2) tööaastad.

Järgnevalt käsitleme pisut lähemalt dialoogi kahe olemasoleva aruande koostamiseks.

3.1.1. Isikute nimekiri

Selle aruande täitmise tulemusena saadakse nimekiri isikutest, kellele on väljastatud rahvakapitali obligatsiooni arvestuskaart. Seejuures on nimekiri sorteeritud asutuste/organisatsioonide lõikes, kes annavad välja kaarte. Nimekiri on koostatud tabelina, milles on esitatud järgmised veerud:

- järjekoora number;
- perekonna- ja eesnimi;
- kaardi registreerimise number;
- sünniaasta;
- mis aastast elab alaliselt Eestis;
- surmaaasta isikuil, kes on surnud peale 01.01.1992.a.;
- laste arv;
- kaardi väljaandmise kuupäev.

Aruande (=nimekirja) koostamiseks ilmub ekraanile aken pealkirjaga " Aruannete koostamine " (vt joonis 3.3).

```
House Voucher System - peamenüü                          16:54:15

Osakud        Aruanded        Teenindus                        Quit

              Aruanded ja nimekirjad
              An | Isikute nimekiri | eskusse
                   Aruannete koostamine

              Maakond:          (F8)   Tühi väli kõik maakonnad

              Asutus,e/v:       (F9)   Tühi väli kõik asutused

              Väljund:     Ekraanile   (Valik toimub SPACE klahvi abil)

                     <Korras>                  <Cancel>
```

Joonis 3.3

Dialoogi käigus tarbijaga täpsustatakse aruande maht (kas kõik asutused või üks konkreetne asutus), kuhu aruanne väljastada (ekraanile,printerile). Tarbija peab sisestama:

1) maakonna/linna koodi. See on kahekohaline number. Kui Te ei tea vajaliku maakonna/linna koodi, siis vajutage klahvile <F8>. See toob ekraani paremasse serva maakondade/linnade menüü, millest valite sobiva, kasutades menüüs liikumiseks nooleklahve ning valikuks <Enter> klahvi (vt joonis 3.4). Tühi väli ehk vajutus <Enter> klahvile lülitab nimekirja kõik maakonnad/linnad, mis on Teie arvutis.

3) väljund. Selle välja peal saab tarbija <Space> klahvi abil valida, kuhu väljastada aruanne: kas ekraanile või printerile.

4) päringu kinnituse väli. <KORRAS> tähendab, et aruanne läheb täitmisele kolmes eelmises väljas fikseeritud parameetrite väärtustega. <CANCEL> tähendab, et tarbija loobub aruande koostamisest ning taas on aktiivne <ARUANNETE> alammenüü (vt joonis 3.2).

3.1.2. Tööaastad

Selle punkti all väljastatakse isikute nimekiri, kus iga inimese kohta esitatakse tema tööaastate kogusumma ning eraldi veeruna ka tööaastad põllumajanduses. Seejuures on nimekiri sorteeritud asutuste/organisatsioonide lõikes, kes annavad välja arvestuskaarte. Nimekiri on koostatud tabelina, milles on esitatud järgmised veerud:

- järjekoora number;
- perekonna- ja eesnimi;
- kaardi registreerimise number;
- sünniaasta;
- tööaastate kogusumma;
- sh tööaastad põllumajanduses.

3.1.3. Aruanded 3...5

Kui praegu valida aruannete menüüs punktid 3...5 (sümboolsed nimed Arunne 3,Aruanne 4,Aruanne 5), ilmub ekraani paremasse ülanurka teade:

Aruanne nr 3 on veel realiseerimata. Vabandage palun ...

See tähendab, et need aruanded pole veel valmis. Kolm viiaruannet valmivad projekti lõpuks märtsis 1993.

3.2. Andmed Riigiarvutuskeskusesse

Rahvakapitali obligatsioonide arvestuskaardid väljastatakse kohalike omavalitsuse organites või majavalitsustes ja teistes sarnastes organisatsioonides. Sealsamas tekivad ka väikesed kohalikud registrid (isikute nimekirjad arvutis). Paralleelselt kohalike registritega peetakse Riigiarvutuskeskuses keskregistrit, kuhu peavad laekuma andmed kõikidest kohalikest registritest. Andmete edastamise kõige lihtsamaks mooduseks on diskett. Regulaarselt, näiteks kord kuus, formeeritakse kohapeal diskett viimase kuu jooksul uuendatud (lisatud või parandatud) andmetest.

See menüü punkt <Andmed Riigiarvutuskeskusesse> ongi ette nähtud regulaarselt Riigiarvutuskeskusesse saadetava disketi formeerimiseks. Nagu ikka, ilmub ekraani keskele vastav aken pealkirjaga: " Andmete saatmine Riigiarvutuskeskusele " (vt joonis 3.6).

Disketi formeerimise aken on jaotatatud kolmeks tsooniks:

- akna ülemises osas on näidatud kuupäev ja kellaaeg, mil viimati formeriti disket saatmiseks Riigiarvutuskeskusesse ning missuguse perioodi kohta olid sellel andmed.

```
House Voucher System - peamenüü                          16:54:15

Osakud      Aruanded      Teenindus                          Quit
                                                  Vali maakond
                                                  Harju maakond
            Aruanded ja nimekirjad                Hiiu maakond
                                                  Ida-Viru maakond
            An Isikute nimekiri eskus             Järva maakond
                        Aruannete koo             Jõgeva maakond
                                                  Kohtla-Järve linn
Maakond:          (F8)   Tühi väl                 Lääne maakond
                                                  Lääne-Viru maakond
Asutus,e/v:       (F9)   Tühi väl                 Narva linn
                                                  Pärnu maakond
Väljund:    Ekraanile    (Valik t                 Pärnu linn
                                                  Põlva maakond
                                                  Rapla maakond
                                                  Saare maakond
            <Korras>                              Sillamäe linn
                                                  Tallinn Haabersti
                                                  Tallinn Maardu
```

Joonis 3.4

2) asutuse/organisatsiooni kood, kes väljastab kaarte. See on kolmekohaline number. Kui Te ei tea vajaliku asutuse/organisatsiooni koodi, siis vajutage klahvile <F9>. See toob ekraanile asutuste/organisatsioonide menüü, millest valite sobiva, kasutades menüüs liikumiseks nooleklahve ning valiku tegemiseks <Enter> klahvi (vt joonis 3.5). Tühi väli ehk vajutus <Enter> klahvile lülitab nimekirja kõik eelmises väljas fikseeritud maakonda kuuluvad asutused/organisatsioonid, mis on Teie arvutis.

```
House Voucher System - peamenüü                          16:54:15

Osakud      Aruanded                          Vali asutus/ettevõte
                                              4-EVE "Edu"
            Aruanded ja nimeki                4-EVE "Kalda"
                                              4-EVE "Lasnamäe"
            An Isikute nimekir                4-EVE "Loo"
                        Aruann                4-EVE "Masti"
                                              4-Kadrioru EEV
Maakond:    04    (F8)                        4-Kadrioru EEV Pirita jsk.
                                              4-Lasnamäe EEV
Asutus,e/v:       (F9)                        4-Priisle EEV
                                              4-RAS "Dvigatel"
Väljund:    Ekraanile                         4-RAS "EEEV"
                                              4-RE "Tallinna Sadam"
                                              4-Tallinna Ida Rajoonivalitsusa
            <Korras>
```

```
House Voucher System - peamenüü                                  16:54:15

Osakud        Aruanded        Teenindus                            Quit

              Aruanded ja nimekirjad

              Andmed Riigiarvutuskeskusse
          Andmete saatmine Riigiarvutuskeskusele
Viimasel seansil, mis toimus    14.01.93 - 18:09:19
saadeti andmed RAKi perioodi    01.07.92 - 31.12.92 kohta

                         Jooksev seanss
Kettaseade:      B:       (Valik SPACE  klahvi abil)

Mis perioodi kohta saata andmed Riigiarvutuskeskusesse?
   Alates:      01.01.93     kuni:  22.01.93

    Kõik on korras                        Ei soovi andmeid
  Saadan andmed RAKi                        RAKi saata
      <Saadan>                               <Cancel>

          Sisesta kettaseade, kuhu paned disketi ...
```

Joonis 3.6

- akna keskmine osa on ette nähtud info sisestamiseks, mis on vajalik disketi formeerimiseks. Seal on kolm info sisestamise välja:
    - Kettaseade. <SPACE> klahvi abil tuleb valida kettaseade (A: või B:), mida kasutatakse disketile kirjutamiseks.
    - Järgmise kahe väljaga fikseeritakse kaks kuupäeva, mis määravad perioodi alguse ja lõpu. See tähendab, et disketile kirjutatakse ainult need andmed (=kirjed), mis sisestati või mida parandati selle perioodi jooksul. Varasema ja hilisema kuupäevaga andmeid disketile ei kirjutata. Vaikimisi võetakse perioodi alguseks eelmise seansi lõpukuupäev ning perioodi lõpukuupäevaks jooksev (="tänane") kuupäev. Kui Te soovite, võite neid kuupäevi muuta Teile sobivaks.
- seansi kinnituse väli. <SAADAN> tähendab, et kõik on korras ning algab andmete kirjutamine disketile vastavalt kolmes eelmises väljas sisestatud parameetritele. <CANCEL> tähendab, et tarbija loobub andmete kirjutamisest disketile ning taas on aktiivne <ARUANNETE> alammenüü (vt joonis 3.1).

4. TEENINDUS

Teeninduse alammenüü koosneb neljast punktist (vt joonis 4.1):
1) Indekseerimine
2) Arhiveerimine
3) Kuvari tüüp
4) Kasutajad ja paroolid

House Voucher System – peamenüü 16:54:13

Osakud	Aruanded	Teenindus	Quit

Indekseerimine
Arhiveerimine
Kuvari tüüp
Tarbijad ja paroolid

Joonis 4.1.

4.1. Indekseerimine

Andmeotsingute kiirendamiseks kasutab süsteem indeksfaile, mille olemasolust kasutaja üldjuhul ei pea midagi teadma.

Süsteem paigaldatakse koos tühjade indeksfailidega. Käesolevas ülesandes kasutatakse Foxpro 2.0 niinimetatud compound-indeksfaile. Andmete uuendamisel (lisamisel, kustutamisel jne) uuendadatakse automaatselt ka indeksid. Nii et teoreetiliselt ei peaks seda menüüpunkti vaja olema muul juhul kui ainult mõne indeksfaili füüsilisel hävimisel või mõne muu mitte programmvaraga seotud tõrke puhul.

Praktika näitab, et aegajalt on siiski vaja ühel või teisel põhjusel indekseid uuesti luua või uuendada. Sellisteks juhtudeks ongi see menüüpunkt <INDEKSEERIMINE>.

Andmete indekseerimise käigus luuakse ekraanile suur aken, millele indekseerimise käigus kirjutatakse indekseeritavate failide nimed (vt joonis 4.2). Aken kaob vajutamisel suvalisele klahvile ning taas on ekraanil peamenüü koos <TEENINDUSE> alammenüüga.

Kui andmeid on sisestatud palju (alates mõnest tuhandest kirjest ja rohkem), siis võib indekseerimiseks kuluda küllalt kaua aega – 10 kuni 20 minutit. Indekseerimise aeg sõltub ka kõvaketta tüübist (kui kiire on kettapöörduse aeg), arvuti tüübist ja protsessori võimsusest.

NB! Indekseerimist ei tohi katkestada! Sellekohane hoiatus on ka kogu failide indekseerimise vältel ekraani paremas ülanurgas:

Failide indekseerimine. Ära katkesta ...

House Voucher System – peamenüü 16:54:15

Osakud	Aruanded	Teenindus	Quit

Indekseerimine

Andmebaasifailide ümberindekseerimine

C:\HVS\R01INDIV.DBF	indekseeritud.
C:\HVS\R02HOUSI.DBF	indekseeritud.
C:\HVS\R03MAHA.DBF	indekseeritud.
C:\HVS\R08TERRI.DBF	indekseeritud.
C:\HVS\HVMENU.DBF	indekseeritud.
C:\HVS\HVSTATUS.DBF	indekseeritud.
C:\HVS\HVVARV.DBF	indekseeritud.

Kõikide indeksfailide uuesti loomine (reindekseerimine)

Joonis 4.2

Peale indeksite uuendamist ilmub ekraani paremasse ülanurka teade:

Vaata ära ja vajuta mõnele klahvile ...

See teade püsib ekraanil ca 5 sekundit ja kaob seejärel automaatselt ning taas on ekraanil peamenüü koos <TEENINDUSE> allmenüüga (vt joonis 4.1).

4.2. Arhiveerimine

Et kaitsta oma andmeid hävimise eest voolutõrgete, kõvakettatõrgete, viiruste ja teiste võimalike andmete rikkumise võimaluste vastu, tuleb regulaarselt teha andmete kindluskoopiaid disketile. Seda nimetatakse mõnikord ka andmete arhiveerimiseks või BACKUP-koopiate tegemiseks.

NB! Intensiivsel andmete sisestamise perioodil on soovitav koopiaid teha iga tööpäeva lõpul või veelgi sagedamini.

Soovitav on säilitada mitu koopiat, see tähendab, et uue koopia tegemiseks ärge kasutage sama ketast, millel on eelmine koopia, vaid võtke kasutusele teine või kolmas koopiaketas.

Ketas peab olema eelnevalt formatiseeritud.

Kindlustuskoopia tegemise vahendid ei kuulu käesoleva programmi koosseisu. Need vahendid on laialt levinud ja on kättesaadavad. Näitena võib tuua järgmisi vahendeid:

1) MS DOSi vahendid: programm BACKUP koopia tegemiseks ja programm RESTORE andmete taastamiseks disketilt. Käskude BACKUP ja RESTORE süntaks on kirjas igas MS DOSi käsiraamatus.

2) kui andmefailid ei ole väga suured, võib arhiveerimiseks suurepäraselt kasutada ka pakkimisutiliite nagu PKZIP/PKUNZIP, ARJ, LHARC ja teised.

3) Kui andmebaas on kasvanud väga suureks, võib kasutada juba spetsiaalprogramme kindlustuskoopiate tegemiseks, nagu näiteks paketid:

- NORTON BACKUP,
- FASTBACK.

Kogu see jutt on kirjas ka arhiveerimise HELP-aknas (vt joonis 4.3). Seega, valides <TEENINDUSE> alammenüüs punkti <ARHIVEERIMINE>, ei saa Te tegelikult midagi arhiveerida. Te näete ainult joonisel 4.3 kujutatud HELP-tekstiga akent. Käesoleva menüüpunkti ülesandeks on juhtida tarbija tähelepanu hädavajalike kindlustuskoopiate tegemisele.

House Voucher System - peamenüü 16:54:20

Arhiiv

Arhiveerimine

Sisestatud andmetest tuleb regulaarselt teha kindlustuskoopiaid disketile. Käesolev programm ei sisalda spetsiaalvahendeid arhiveerimiseks ja backup-koopiate tegemiseks, kuivõrd need vahendid on laialt levinud. Andmete arhiveerimiseks võib kasutada järgmisi vahendeid:
1) MS DOSi vahendid: programm BACKUP koopia tegemiseks ja programm RESTORE andmete taastamiseks disketilt. Käskude BACKUP ja RESTORE süntaks on kirjas igas MS DOSi käsiraamatus.
2) kui andmefailid ei ole väga suured, võib arhiveerimiseks suurepäraselt kasutada ka pakkimisutiliite nagu PKZIP/PKUNZIP, ARJ, LHARC ja teised.
3) Kui andmebaas on kasvanud väga suureks, võib kasutada juba spetsiaalprogramme kindlustuskoopiate tegemiseks, nagu näiteks paketid:
- NORTON BACKUP,
- FASTBACK.

Joonis 4.3

4.3. Kuvari tüüp

Programm HV võimaldab kasutajal tutvustada programmile arvuti kuvari tüüpi:

- must/valge

või

- värvikuvar.

Kuvari tüübist ei sõltu mitte midagi olulist programmi töös. Seda parameetrit kasutatakse ainult värvipaleti muutmiseks, et tarbijale esitatav info oleks ekraanil paremini nähtav. Asi on selles, et osa keskmise intensiivsusega värve transformeeritakse must/valgel kuvaril väga sarnasteks halli värvi toonideks, nii et nad on üksteisest väga raskesti eristatavad. Seetõttu on soovitav must/valge kuvari puhul kasutada ka vastavat kuvari tüüpi programmis HV.

Kuvari tüübi küsimine toimub kahest punktist koosneva menüü abil (vt joonis 4.4).

```
                House Voucher System - peamenüü                16:54:25
 ┌──────────────────────────────────────────────────────────────────┐
 │ Osakud        Aruanded        Teenindus                     Quit │
 └──────────────────────────────────────────────────────────────────┘

      ┌──────────────────────────────────────────────────────────┐
      │ Kas teie arvutil on värviline või mustvalge kuvar?       │
      │                                                          │
      │  < Värviline >                          < Must-valge >   │
      └──────────────────────────────────────────────────────────┘

                          ┌──────────────────┐
                          │Tarbijad ja paroolid│
                          └──────────────────┘
```

Joonis 4.4.

Valinud sobiva kuvari tüübi, vajutage <Enter>-klahvile. Seejärel ilmub ekraanile järgmine selgitus (vt joonis 4.5).

```
                House Voucher System - peamenüü                16:54:28
 ┌──────────────────────────────────────────────────────────────────┐
 │ Osakud        Aruanded        Teenindus                     Quit │
 └──────────────────────────────────────────────────────────────────┘

      ┌──────────────────────────── Kuvar ────────────────────────┐
      │                ┌──────────────────────────┐                │
      │                │   Kuvari tüübi valik     │                │
      │                └──────────────────────────┘                │
      │                 Kuvari reziimi vahetus!                    │
      │                                                            │
      │ Vahetades kuvari reziimi: värviliselt ──> mustvalgele      │
      │ või vastupidi             mustvalgelt ──> värvilisele      │
      │ pea meeles.                                                │
      │                                                            │
      │ Selleks, et programm HVS hakkaks tööle uues äsjavalitud    │
      │ reziimis, lõpeta töö, välju DOSi ja stardi programm HVS    │
      │ uuesti. Nüüd hakkab programm tööle teise värvipaletiga.    │
      └────────────────────────────────────────────────────────────┘
```

Joonis 4.5

Asja mõte on lihtsalt selles, et vahetades kuvari tüüpi, tuleb programmi töö lõpetada ja startida programm uuesti. Seda ei tehta mitte automaatselt, vaid küsitakse programmi kasutajalt kinnitust selle kohta (vt joonis 4.6).

House Voucher System - peamenüü 16:54:32

Osakud	Aruanded	Teenindus	Quit

Kas jätkate või lõpetate töö ja stardite programmi uuesti?

< Jätkan > < Stardin uuesti >

Joonis 4.6

Kui tarbija valib:

1) <Jätkan>, siis programmi töö jätkub samas <TEENINDUSE> menüüs samas kuvari reziimis.

2) <Stardin uuesti>, siis programm lõpetab töö, salvestades enne seda uue valitud kuvari tüübi. Ning uuesti startides töötab programm HV juba teise värvipaletiga.

4.4. Kasutajad ja paroolid

Nagu eespool juba öeldud, nõuab programm startimisel registreeritud kasutaja nime. Kasutajal võib olla isiklik parool.

Kasutaja registreerimiseks ongi see menüüpunkt. Selle punkti all on võimalik:

- lisada uusi programmi kasutajaid;
- muuta ja parandada kasutajate nimesid ja paroole;
- kustutada kasutajaid.

Kasutajate alammenüü valikul ilmub ekraanile vastav aken nimega "Kasutajad & paroolid" (vt joonis 4.7).

Kasutajate registreerimise aken on jaotatatud kolmeks tsooniks:

- akna ülemises osas on näidatud registreeritud kasutajate arv. Praegu on see arv näiteks 2 joonisel 4.7.
- akna keskmine osa on ette nähtud kasutjate info (nimi ja parool) sisestamiseks ja korrigeerimiseks. Sisestuse osa koosneb kolmest väljast:
  - kasutaja nimi. Kasutaja nimi on kuni 8-st sümbolist koosnev märgijada;
  - parool. Parool võib ka puududa. Sellisel juhul vajutage lihtsalt <Enter> klahvile. Juhul kui Te soovite parooli, pidage meeles, et see võib koosneda 1...8-st sümbolist, kusjuures lubatavad sümbolid on kõik numbrid ja tähed. Parool ei tohi sisaldada tühikuid ja märke, mille ASCII kood>127.
    NB! Parool sisestatakse "pimedalt", st et ekraanil ei ole näha sisestatavat parooli;

- parooli kordus. Juhul kui Te ei kasuta parooli, vajutage lihtsalt <Enter> klahvile. Et kontrollida, kas Te jätsite parooli õieti meelde, on kolmas väli parooli kontrolliks. Kui selle välja sisu ühtib parooliga, on kõik korras. Kui ei, siis peate uuesti sisestama parooli korduse või parooli.

- akna alumises osas on tegevusmenüü. Selle menüü abil fikseeritakse Teie tegevus:
  - SALVESTADA - salvestatakse parajasti ekraanil oleva kasutaja nimi koos parooliga (kui see on);
  - PARANDADA - võimaldab parandada parajasti ekraanil oleva kasutaja nime ja parooli;
  - JÄRGMINE - toob ekraanile tähestikuliselt järgmise kasutaja nime;
  - EELMINE - toob ekraanile tähestikuliselt eelmise kasutaja nime;
  - LISADA - uue kasutaja nime lisamine toimub selle punkti all;
  - KUSTUTADA - parajasti ekraanil oleva kasutaja kustutamine. Enne kasutaja nime kustutamist tuuakse ekraanile täiendav aken lisaküsimusega:

```
Kas tõesti soovite kustutada kasutaja /NIMI/?

  < Ja >                          < Ei >
```

    Jaatava vastuse korral kustutatakse kasutaja nimi programmi zurnaalist. Eitava vastuse korral jääb kasutaja nimi programmi zurnaali alles.
  - QUIT - lõpetab töö kasutajate registreerimise reziimis ning programm läheb tagasi TEENINIDUSE alammenüüsse.

```
                House Voucher System - peamenüü                16:54:40

| Osakud        Aruanded        Teenindus                        Quit |

                                 [Indekseerimine]
                    ------------ Kasutajad & paroolid ------------

  Käesolevaks hetkeks on registreeritud   2   kasutajat
  ------------------------------------------------------------------
  Kasutaja nimi:   Tiiu            Parool:

                                   Parooli kordus:
  ------------------------------------------------------------------
| Salvestada  Parandada  Järgmine  Eelmine  Lisada  Kustutada  Quit |

                 Operatsioonid kasutajate nimedega ...
```

Joonis 4.7

RAHVAKAPITALI OBLIGATSIOONIDE REGISTER
Väljaõppe korraldamise plaan

TEGEVUS	TAITJA	KUUPÄEV	MAHTUS
I E T A P P			
1. Koolituse kirja koostamine	I.Strauss	jaan.93	
2. Tallinna piirkonna esindajatele teatamine	I.Kostromina	20.-25.01	
3. Õppeklassi ettevalmistamine	V.Kaqu M.Seiman	25.-28.01	
4. Kasutajajuhendite paljundus, õppeandmete ettevalmistamine	I.Kostromina	25.-28.01	
5. Väljaõpe tallinlastele -lektorid	E.Teekel M.Seiman	28.01.93	
6. Väljaõpe tallinlastele - registreerimine jt. administratiivsed küsimused	I.Kostromina T.Strauss	28.01.93	
7. Kirja levitamine maakondadele ja õpilaste registreerimine	I.Kostromina	20.-25.02	
8. Kasutajajuhendite täiendav paljundamine	I.Kostromina	20.-25.02	
9. Väljaõpe - lektorid	E.Teekel M.Seiman	01.03 02.03	kl.10 ja 1 kl.10 ja 1
10. Registreerimine jt. admin. küsimused	T.Strauss I.Kostromina	01.-02.03	
11. Kokkuvõtete tegemine	T.Strauss M.Kajandu	03.-05.03	

T.Strauss

KAHVAKAPITALI OSAKUTE
Koolitatute nimek

Trainees

93 April 5

Jrk.	Ettevõtte nimetus	Õppetee nimi		Kuupäev
1	Haabersti Haldusuksuse Valitsus	Press.Esta		26.01.93
2	Kesklinna elamute valitsus	Eilas.Kita		26.01.93
3	Kondarajooni V jaoskond	Slepkina.Ljubov	492095	26.01.93
4	Maardu haldusuksuse valitsus	Kiter.Urve	285608	26.01.93
5	Nõmme haldusuksuse valitsus	Järve.Signe	514675	26.01.93
6	Lääne Haldusuksuse Valitsus	Lippur.Sirje	448531	26.01.93
7	Idarajooni Elamuamet	Koppel.Riina	437625	26.01.93
8	Lasnamäe EEV	Weizman,Vaim	331435	26.01.93
9	ME "Saurem".	Veero,Oll	596148	26.01.93
10	Vasalemma Vallavalitsus	Annert,Ulvi	749410	01.03.93
11	Aegviidu Alevivalitsus	Pürjema,Aili	767395	01.03.93
12	Kuusalu Vallavalitsus	Leedjärv,Jaan	772582	01.03.93
13	Võru Infokeskus	Ojamaa,Margo	21146	01.03.93
14	Tartu Maavalitsus	Puus,Uuno	31395	01.03.93
15	Sõmeru Vallavalitsus	Lainjärv,Janne	46119	01.03.93
16	Kakvere Vallavalitsus	Eiber,Uuno	42532	01.03.93
17	Nissi vald	Kiisel.Urmas	737231	01.03.93
18	Tapa linnavalitsus	Kukk.Kulli	75113	01.03.93
19	Rapla Vallavalitsus	Saar,Olo	58887	01.03.93
20	Haapsalu Kommunaalosakond	Karolin,Triinu	44584	01.03.93
21	Järvakandi Alevivalitsus	Tomson,Kersti	77230	01.03.93
22	Sillamäe Linnavalitsus	Nazarjeva,Irina	1929	01.03.93
23	Jõhvi linn	Merilai,Kalle	28682	01.03.93
24	Võsu alevivalitsus	Kibe,Liiu	99101	01.03.93

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RAHVAKAPITALI OSAKUTE REGISTER
Koolitatute nimekiri

Jrk.	Ettevõtte nimetus	Õpilase nimi	Telefon	Kuupäev
25	Pärnu Linna Infoosakond	Volkov,Viktor	45848	02.03.91
26	AS H.P.E.	Majajaas,Ellen	0	02.03.91
27	Ida-Viru Maavalitsus	Paaps,Galina	22453	02.03.91
28	Kohtla-Järve Linnavalitsus	Veibaum,Maia	47855	02.03.91
29	Haljala vallavalitsus	Kruul,Mati	49175	02.03.91
30	AS Pi Mikro	Trutsi,Peeter	47340	02.03.91
31	Tapiverre Vallavalitsus	Oispuu,Viljar	36248	02.03.91
32	Harku Vallavalitsus	Ariko,Aune	716354	02.03.91
33	Kehtna Vallavalitsus	Kivimägi,Natalja	75357	02.03.91
34	Kõue Vallavalitsus	Villipõld,Marika	753317	02.03.91
35	Põltsamaa Ettevõte "TARE"	Tünne,Liia	51368	02.03.91
36	Põltsamaa Vallavalitsus	Tünne,Liia	51514	02.03.91
37	Järva-Jaani Vallavalitsus	Mõtsnik,Jaan	63377	02.03.91
38	Kareda Vallavalitsus	Vantramäe,Ullar	64448	02.03.91
39	Ramsalu Alevivalitsus	Padda,Ulo	30474	02.03.91
40	Kuressaare linnavalitsus	Lemba,Hulda	54246	02.03.91
41	Saku Valo	[illegible],Birje	721011	02.03.91
42	Jõgeva Linna Elamuosakond	[illegible]ersti	21007	02.03.91
43	Pajusi Vallavalitsus	[illegible]m,Tiia	50251	02.03.91
44	Hiiu Maavalitsus	[illegible]asma,Monika	91055	02.03.91
45	Laekvere vald	Hitpere,Neeme	95301	02.03.91
46	Palamuse Vallavalitsus	Niidulas,Heili	33181	02.03.91
47	Kohila alevivalitsus	Abroi,Aili	33064	02.03.91
48	Loksa Vallavalitsus	Kasetalu,Ain	775246	02.03.91

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RAHVAKAPITALI OSAKUTE REGISTER
Koolitatute nimekiri

Jrk.	Ettevõtte nimetus	Ühilase nimi	Telefon	Kuupäev
49	Sangaste Vallavalitsus	Korbun,Aido	91337	02.03.93
50	Viimsi Vallavalitsus	Saks,Sirje	770699	02.03.93
51	Tartu EMÜ	Tamm,Heiki	32990	02.03.93
52	Pärnu Maavalitsus	Annus,Anne	40684	09.03.93
53	Valga Linnavalitsus	Kalbri,Kaja	42246	11.03.93
54	Jõgeva vallavalitsus	Kukk,Vahur	22861	16.03.93
55	Räpina Vallavalitsus	Laht,Kalle	61592	17.03.93
56	Ruhina Alevivalitsus	Ootsing,Vello	61580	19.03.93
57	Kiviõli Linnavalitsus	Viguiov,Valeri	58744	22.03.93
57	Saue Vallavalitsus	Narola,Anne	519360	30.03.93
58	Keila Linnavalitsus	Keerman,Markus	745474	30.03.93
59	Kehra Alevivalitsus	Pung,Enn	764285	15.04.93

Deloitte & Touche

IMPLEMENTATION ASSESSMENT

ESTONIAN VOUCHER PROGRAM

Draft Deliverable

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Deloitte Touche
Tohmatsu
International

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IMPLEMENTATION ASSESSMENT
OF THE ESTONIAN VOUCHER PROGRAM

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IMPLEMENTATION ASSESSMENT OF THE ESTONIAN VOUCHER PROGRAM

I. EXECUTIVE SUMMARY

1. Introduction

This report is the result of a study undertaken by the Deloitte & Touche privatization team in Estonia, funded by USAID, during the period 22 February to 12 March 1993. The findings and recommendations of the study are based on interviews with a number of officials, both at the National and the local level. The authors would like to express their thanks for all those who agreed to give their time to answer our questions and assist us in many other ways. The Team would particularly like to thank Mr. Endel Kaljusmaa of the National Housing Board, and Mrs. Tiiu Strauss of the Estonian State Computing Center (ESCC), who arranged interviews for us with officials outside Tallinn.

The Team attempted to get the fullest possible cross-section of viewpoints for this study, particularly at the local level. The Team spoke with local officials in the largest city of Estonia, Tallinn; in two smaller cities, Tartu and Viljandi; in a town in the Russian-speaking area of the country, Kohtla-Järve; and in a small village, Vosu.

This report is organized into five main sections:

- This executive summary
- The Team's findings, both positive and negative
- Problems identified, and recommended solutions
- A description of the methodology used in the study
- Various appendices, including the questionnaire used; lists of persons interviewed; status of training programs; and a list of local offices and the populations they serve.

The executive summary is meant to highlight the main results of the study, which are described in more detail in the rest of the report.

2. Summary of Findings

In general the voucher distribution program, while it is still in its beginning stages, is going well. A large number of voucher cards have already been issued, perhaps as many as a third of the total. A few have already come back with the years worked filled in, and in one or two exceptional cases, housing units have actually been privatized using vouchers.

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The Automated Voucher System, the computer program that will be used in managing the Popular Capital Obligations (the voucher program for mass privatization of the Government of Estonia), is now operational (though some additional features still need to be added to it), local offices have been trained to use it, and it is actually being used to collect data in a number of places. There are a great many computers installed in local offices that will run this program, so that the vast majority of data entry into the computer will take place at local offices close to where the information is collected. The ESCC has embarked on a wide-ranging training program for users of the Automated Voucher System which is improving its absorption and use by the local authorities. It appears that the Automated Voucher System program, which will be the first management information system widely used by all levels of government in Estonia, will be a success.

The local government offices which are administering the voucher program are competent and have been informed and trained by a campaign of seminars and written instructions from the National level. In spite of the fact that they have received no additional funding or personnel to do the work associated with the program, they are generally doing a good job of carrying out their responsibilities. They are especially good at adjusting procedures to local conditions, so that the voucher program is not held up by rigid rules from the National offices.

The general public is much less well-informed about the voucher program than the national and local officials. Government publicity has done a good job of informing people that they must hurry and pick up their voucher cards before the deadline for issuing them (now set at 30 April, but likely to be extended), but publicity has been less effective at communicating other aspects of the program. Individuals are still asking questions such as:

- What is the exact procedure for getting vouchers and privatizing my apartment?
- What else can I use vouchers for, besides housing?
- What is a voucher really worth?

and many more. The public information that has been issued has been partly obscured by negative misinformation from the media, and rumors from those who may be angry about the past, or fearful about the future. As a result, the public may be confused and pessimistic about the voucher program.

The legal framework for the voucher program, even for Popular Capital Obligations used for housing privatization, is not yet entirely in place. A law is now before Parliament to clarify which years worked count for vouchers. Another law will clarify the procedures and fees for registering a housing sale, so that privatization can proceed. Furthermore, a whole new set of vouchers, for compensation, are planned, as are new uses for both Popular Capital Obligations and the new compensation vouchers. These new laws will create a whole new set of implementation issues and problems.

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The voucher system as a whole is susceptible to error, and even outright fraud, in a number of areas. Controls and protection against fraud are minimal or non-existent at present. In addition, legislative action has not been taken to define the penalties for fraud with respect to obtaining and using vouchers.

The ESCC is already heavily burdened with administration of the voucher program, for which they have received no additional funding or staffing. The ESCC's is the only phone number mentioned in the voucher card instructions, so all the local offices are calling there for answers to their questions. This situation will be aggravated as more cards are returned and more housing privatized.

One party involved in the voucher program is highly motivated to see that it succeeds quickly: the local housing offices, which are now responsible for management and maintenance of buildings from which they receive low rents, or none at all. The other parties -- the local governments and individual persons -- lack incentives to privatize housing.

3. Summary of Problems

The Team uncovered a variety of problems, large and small, in its study. Following are brief discussions of the most important ones:

An obvious problem that the Team uncovered during this study, mentioned by nearly all the interviewees, is the lack of information on the part of the public. The immediate effect of this is to slow down the process of issuing cards, and waste precious time of local officials in answering basic questions for each individual who comes in for a card. The longer term effect could be dissatisfaction with the whole process, and public antagonism towards privatization in general.

A second problem that was mentioned over and over to the Team in its interviews was that the program is open to abuse and fraud. This could lead to unscrupulous individuals amassing more vouchers than they are entitled to. This is turn could feed any dissatisfaction with the program, and lead to antagonism towards privatization. At the limit, it could exacerbate ethnic and political tensions in the country, if many cases were rumored of one ethnic group profiting illegally.

A third problem is that many of the participants in the process -- the local housing authorities, local government officials, apartment-dwellers, and others do not have many real incentives to privatize state-owned housing. For the residents, many think it would be better to continue to pay low state-subsidized rents and utilities rather than take the burden of ownership of potentially worthless apartments on themselves. Local government officials are often not compensated for the additional work required or, if they are, they may fear that when the housing privatization is completed, they will be out of a job.

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A final problem is that the last step in the use of vouchers for housing privatization, the actual purchase of housing with vouchers, is the one that involves the most difficult procedural problems and is likely to create far more questions than the issuing of vouchers. The condominium associations which must be formed are a whole new concept, of which no one has experience. There is a so far unresolved legal issue of who will pay the fee for notaries to register sales of housing, and what the fee will be. And perhaps most daunting of all, there are no mortgage loans available in Estonia at this time, which is likely to freeze the whole free market for housing in its tracks.

4. Summary of Recommended Solutions

The body of this report contains a great many recommendations to address the problems mentioned above. A few of them are most important, and address multiple problems, both large and small. This summary describes these most important recommendations.

The Team's first recommendation is that some office at the National level should "own" the voucher program; that is it should have overall responsibility of ensuring that all laws, procedures, training, and other resources are in place to make the program a success. Not only should there be such an office, there should be some person in charge of the office whose personal success or failure is tied to the program. This office, and the individual responsible, could be located in the Department of State Property, in the National Housing Board, or in a number of other places. The important recommendation is that the office and the responsibility should exist somewhere.

The Team's second recommendation is that a sustained, and not necessarily expensive, public information campaign should be undertaken to explain the voucher program to the Estonian public. One simple but important part of the campaign should be a one or two page document with the most commonly asked questions about the program, and answers to them. This document could be passed out to people when they pick up their voucher cards, and it could be made available in various public offices, too. The campaign might also include more newspaper articles and radio and TV broadcasts about the program.

The Team's third recommendation is that a well-thought-out attack should be made to prevent fraud and eliminate errors in the voucher program. The Team is already undertaking a preliminary analysis of fraud and error at the request of Mrs. Kajandu's working group under Mrs. Hänni. The report on that analysis should be ready at about the same time as this report.

The Team's final recommendation is that a package of measures should be devised to give everybody involved in the voucher program incentives to carry out the program and to privatize the housing. There especially need to be incentives to motivate individuals to buy their housing units, such as promises to perform capital improvements in their buildings if they privatize, assistance with forming condominiums, and others. It is very important, too,

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to find ways to encourage the banks to begin providing mortgage loans to finance both the initial purchase of housing, and its resale.

5. Conclusion

The voucher program is off to a good start at this time. While there are some serious problems which the Team has identified in the course of its assessment, these can be resolved with the current resources and capabilities within the Estonian government and society. The legislative problems (or inaction) might make it appear that the overall Popular Capital Obligation program is at a standstill. This, however, is not the case at all. Local authorities across the country are issuing voucher applications; citizens are filling in their years worked; central authorities are crediting citizens with vouchers; and the ESCC is actively creating the register of voucher holders. Therefore, with effective and proactive stewardship by the Ministry of Reform, and with proper incentives offered to all participants, the implementation of this program can be expected to continue as planned.

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II. FINDINGS

The major findings of the Deloitte & ToucheTeam Assessment Survey are the following:

1. The Popular Capital Voucher distribution is well underway. Most local governments have begun the process of registration and issuing popular capital obligation cards (on which applicants will specify years worked in order to receive the correct number of vouchers). (See Appendix D, List of Issuing Offices and the populations they serve.)

2. Only a few applicants have returned completed voucher forms with years worked specified.

3. The computerized "Automated Voucher System" is operational and has been distributed to local housing offices and other authorities around the country. It is in use in many locations and will come on line shortly in many others. (See Appendix D)

4. At the local level, 75-80 % of all applications for vouchers are being processed using computers and the State Computing Center software. Therefore only approximately 1/4 of all applications will need to be entered into the computer system directly by the State Computing Center itself.

5. There is, generally, enough computer hardware at the local government level for the Automated Voucher System software to be a useful tool.

6. The State Computing Center has and is providing adequate training for computer operators which makes it possible for the local governments to make adequate use of the software. (See Appendix C)

7. The State Computer Center is bearing the burden of questions about the voucher program and uses of vouchers. They are understaffed and under-financed for this task.

8. There is a good deal of local variation in implementation procedures. This does not cause problems because the information forms are standardized and all necessary information is being collected. In fact, it solves problems, because some special cases, such as housing units belonging to collective farms, co-operatives, or private joint ventures, are slightly ambiguous in the law. Local initiative allows these special cases to be handled successfully without calling on help from the national government.

9. Only a few state-owned housing units have been privatized as yet. One of the reasons for the general hold-up of housing privatization is that legislation governing property transfer and registration has not been finalized, so that the legal framework to finalize

sales contracts is lacking. This means that the process is going more slowly than planned and more slowly than in other countries.

10. There are many changes and additions to the program planned. There will be new uses for vouchers (land, shares, bonds), new kinds of vouchers (compensation vouchers), and at least one major new participant in administration (the State Savings Bank). This will create a whole new set of implementation issues and problems.

11. Old conflicts (such as whether or not to give credit for years in paid positions with communist party organs) have slowed down the process of finalizing the voucher legislation.

12. The overall voucher system is open to fraud in a number of areas: duplication of applications, falsification of working years, duplicate claims for inheritance, claims for additional children. In addition, there are no clear penalties for fraudulent activities with respect to the voucher program.

13. Local government administrators receive information about the voucher program via seminars and instruction/reference manuals and they have personal access to knowledgeable officials in the national government. The administrators therefore have fairly complete information about the process of the voucher program and the current and future uses of vouchers, and they generally have sufficient information to administer the voucher program.

14. Different groups in the population have reacted differently to the voucher program and its requirements. Elderly people are most responsive, ethnic Russians are most confused and fear being left out of the process, and young working people find the process burdensome because it is so time consuming and they probably will not receive a great deal of vouchers in any case.

15. Government publicity has been effective, in Estonian speaking areas, in getting people to register for vouchers and pick up their voucher cards.

16. Government publicity has been somewhat less effective in Russian-speaking areas. One reason for this is that Russian-speakers may watch Russian TV broadcasts and hear about the Russian voucher program, which is quite different from Estonia's. The Russian-speaking population probably has even more questions and doubts about the voucher program than the Estonian speakers.

17. Even though people are applying for vouchers, the general public is confused and uninformed about many aspects of the voucher program. They have many questions about the steps in the process beyond picking up the card, and about their options to use the vouchers for other purposes than housing privatization. Their unanswered questions may lead to pessimism and opposition to the whole voucher program.

18. It is not clear to individuals who own their own housing what value the vouchers have for them.

19. Local governments are financing the employees and hardware for the program from their own local budgets. This reduces the amount of money available at the local level for other important services such as health, education, and welfare.

20. For local government administrators, there is no real incentive to move quickly to finish registration and issuing of vouchers. They fear that when the process is finished, there will be a necessary reduction in employment in their offices. In addition, they are not being paid more for what they see as more work.

21. For local housing offices, there is a great incentive to privatize houses in their jurisdiction. In the past, their budgets were paid by the Government. At present, they must pay their costs from the rents they receive, which are insufficient to meet the utility and maintenance expenses for their complexes.

22. For individuals living in state-owned housing, there is little or no incentive to take ownership. State-owned housing currently costs very little, is often poorly located, and does not appear to be a good investment.

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III. SPECIFIC PROBLEMS AND RECOMMENDED SOLUTIONS

1. **Problem:** Issuing voucher application cards (the first step in the process) should take only a few minutes. However, due to questions about the vouchers and their uses being asked by applicants, the process can take up to 15 or 20 minutes. This causes long lines and overwhelms the administrative capacity of understaffed local institutions. There has been some public information disseminated, but it has not been extensive enough, and it has been counteracted to a certain extent by negative reporting about the program in the local press.

   Solution: A simple public information campaign which would include a short written hand-out available at all voucher distribution points, newspaper and radio information segments on the process and uses of vouchers, and a public information telephone line that the general public could call with questions. Note that some people, especially retirees, don't have phones, or access to free public phones; and can't afford a radio or newspaper. Therefore the information sheet should be available at offices other than housing offices, such as pension offices, banks, city hall front desk, etc.

   However, public information alone will not completely resolve the problem of long lines and applicants with questions. It may be possible to distribute cards by mail or set up local satellite offices in companies so that people will not have to miss time at work.

2. **Problem:** The system is open to fraud in dispensing vouchers of people who have died since 1 January 1992.

   According to the law, all residents of Estonia as of 1 January 1992 are eligible for vouchers. The vouchers of eligible residents who have died since that date are to be distributed to their heirs. The present implementation protocol cannot determine whether an heir who presents himself for a deceased person's vouchers is really the sole heir to that person.

   Solution: A notarized statement by the heir would make the heir liable for fraud if he or she misrepresents his or her situation. However, there is no real way to prevent people from being dishonest -- only ways to make it more costly if detected.

3. **Problem:** There are several situations in which it may be possible for applicants to file for more than one voucher card:

   A. It is already possible that an individual or family may have kept more than one public housing unit, and therefore is registered in more than one housing office. In such a case, and perhaps in others, it is possible for the members of

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the family to get duplicate voucher cards from more than one housing offices.

B. Cyrillic to Latin transliteration. Russian names may be transliterated into Latin spelling in several different ways, so that even comparing names in the computerized data base may fail to find cases of erroneous or fraudulent duplications. This exacerbates the problem with duplicate registration and thereby may increase the incidence of fraud.

Solution: This problem may only be resolved after the fact. At some point, it may be possible to require that all parties with vouchers must have a new passport or personal ID number -- at which point duplicate records will become evident. This will only become feasible when the greatest majority of the population, perhaps 80%, have already been issued their unique personal numbers (whether passport or personal ID), and staff is in place to issue the rest quickly on request.

4. **Problem:** There are two related problems having to do with certification of years worked:

A. It may be possible to persuade enterprise personnel officers to put down more years worked on the card than the individual is entitled to. Then, even if the office that receives the stamp attempts to verify the years worked by contacting the personnel office, the fraud may not be detected.

B. It may be relatively easy to fill in the years worked oneself, and forge a signature and enterprise seal. Under present procedures, the office that receives the card does not attempt to verify the authenticity of the signature and stamp. Most local offices do not have lists of local enterprises and their enterprise registration numbers, nor do they know what the enterprises' seals look like.

Solution: One partial solution is to use the computer system to check that total years claimed does not exceed the total working years possible based on age. However, this solution does not address the problem of applicants falsifying their years worked to gain credit for time spent outside of the country or in non-eligible occupations. It may not be possible to guard against this type of fraud -- it is inherent in a system based on classification of work experience rather than simply on age.

5. **Problem:** Voucher applicants do not normally receive any sort of receipt when they submit a completed voucher application form. As a result, applicants may feel reluctant to relinquish their application form as it is the sole physical evidence that they have a voucher claim. The lack of a physical record may also be contributing to the apathy amongst some segments of the population.

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Solution: The Estonian Government is discussing the use of "checkbooks" issued by the State Savings Bank to represent the ownership of a voucher account in the Automated Voucher System. This physical manifestation of a voucher, which is, however, not tradeable, may alleviate the problem.

Another solution is to authorize local institutions to issue receipts to applicants when they turn in completed application forms.

6. **Problem:** Residents of multi-unit housing who want to privatize their flats must form condominium associations to handle maintenance of common property and all other problems common to the multi-unit building as a whole. The general public is uninformed about condominium associations. It does not understand their benefits, nor how to form them nor what they will really accomplish. In addition, there are several outstanding issues in the legislation of these associations.

   Solution: To some extent, a public information campaign to disseminate information about condominium associations to the general public will resolve part of the problem. Insofar as there are unresolved issues in the legislation concerning condominium associations, these will have to be resolved before the process can be completed.

7. **Problem:** Payment for processing various segments of a housing privatization cause several difficulties:

   A. Housing privatization in general is being held up because it has not been decided whether notaries will be paid for registering privatization sales. Until the issue is decided, by pending legislation, the notaries generally will not complete the sales.

   B. The immediate transaction costs, that is the notary fee, for privatizing a housing unit will discourage one party or another in the process. If the individual doing the privatizing must pay the notary fee to register the privatization, the individual will be discouraged. If the notary is told to process the privatization for nothing, the notary may refuse.

   Solution: In a market economy, services in real estate transactions are must be paid for. Since the Government wishes to encourage housing privatization, theTeam recommends that the Government should pay the fees to the notaries.

8. **Problem:** Housing privatization is being held up by the lack of money at all levels, first at the administrative levels, and more importantly for the future, lack of mortgage finance money.

   Solution: TheTeam recommends that the Government use some of the funds earned from privatization to pay the expenses of privatization. TheTeam also recommends

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that the Government work closely with the emerging banking sector to support the development of mortgage lending. This support could include Government guarantees for certain types of mortgages.

9. **Problem:** There is a lack of incentives for different participants in the overall process.

   A. Administrators at the local government level could be concerned about a loss of jobs in their department when the process is over. In addition, they are not being paid any more to do what is perceived as additional work.

   B. People who live in state-owned housing may lose their low state-subsidized rents (non-payment of which brings few consequences) and maintenance costs. They do not feel they would gain anything in return by privatization because they feel that the state-owned apartments are poorly constructed, badly located, badly maintained, and generally a poor investment.

   C. Retirees face a particularly difficult time in getting their voucher cards filled out with years worked. Retirees' workbooks are held by pension offices who sometimes throw up obstacles to the retirees. The pension offices may balk at the time required to fill out the voucher applications for retirees, especially because retirees usually have long and complicated work histories which makes calculating years worked a tedious process.

   Solutions: There are a number of different possible solutions to these two problems:

   A. Provide incentive bonuses for local government officials once they have finished their part in the voucher program. Although there is no money in the budget for this at present, perhaps some funding could be made available from the proceeds from privatization.

   B. Implement a public information campaign extolling the virtues of private ownership -- especially stressing equity from ownership and the possibilities this creates for a private real-estate market.

   C. Provide incentives to real estate agents to handle privatized state-owned housing, such as offering them office space in local housing offices, subsidized mortgages for buyers, tax breaks on real estate profits, etc.

   D. Local governments could promise material improvements in living conditions if privatization goes forward, for example, a local housing office could build a new roof for a building that is to be privatized.

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E. In order to remove some of the advantages of continuing to live in state-owned housing, local housing offices could install heat and other utility meters and start charging real costs for utilities and maintenance even if units have not been privatized. In addition, the national government could be more diligent in collecting rents currently due and evicting people who will nc

F. State-owned occupied housing could be made available to any investc -- not only inhabitants.

10. **Problem:** Owners of private houses do not see any concrete use of the vouchers that would interest them since they already own their own houses. Therefore, they do not want to take the time and effort to go through the voucher application process.

Solution: The reason for this problem will be alleviated when legislation governing additional uses for vouchers is finalized. In addition, the Government should publicize these other uses.

11. **Problem:** There are ambiguities and inconsistencies in the present law about how many years an individual should be credited for. Pending legislation may resolve some questions, but could create new ones as well. Even if all the questions were resolved at the national level, there would be a problem of communicating the new information down to the local governments and housing offices, and to the general public.

Solution: As soon as the pending legislation is passed, there should be a renewed series of written information and seminars for local government officials and housing offices. Increased staff should be authorized in the State Computing Center to answer telephone inquiries from the local level. Finally, a continued public information campaign should explain the new legislation to the public.

12. **Problem:** There is no national-level office that "owns" the voucher program. The Department of State Property, the National Housing Board, and the State Computing Center are all participants, but no one has been specifically charged with the responsibility of successfully carrying out the program

Solution: The Minister of Reform could name a specific office as responsible for the overall program. This office could be any one of those mentioned above.

13. **Problem:** A few local areas, such as Kohtla-Järve and Narva, have either not yet started to issue voucher cards, or are issuing them more slowly than most places. This may be due to a variety of local factors, such as not enough local staff. It does not seem to be due to any purely ethnic factor, even though both Kohtla-Järve and Narva are in the Russian-speaking Northeast.

Solution: A national-level office, the "owner" of the voucher program if one is created, should visit local governments which are lagging in their response to the program and assist them in whatever way is necessary in their particular case.

14. **Problem:** It is not clear who owns housing blocks that are part of collective farms, which were originally financed by the state, nor is it clear how to use vouchers to buy an apartment in such a block. This is a case where the agricultural voucher program could overlap and possibly conflict with the Popular Capital Voucher program.

    Solution: Additional work is required to determine a solution to this particular problem.

15. **Problem:** Agricultural privatization continues to be relatively uncoordinated with overall privatization. This causes several problems, including confusion and uncertainty over conversion of agricultural vouchers to Popular Capital Obligations.

    Solution: Continued efforts should be made to improve communication and coordination with the Ministry of Agriculture and the other Ministries concerned with privatization.

16. **Problem:** Prices for housing set by the privatization law seem unfair to residents of small towns and rural areas since housing location is not a major determining factor in price. The law fixes the prices within a single narrow band for the whole country. This price is probably below a market price everywhere, even in the countryside. But it is far below market price for housing in attractive neighborhoods of major cities. From the point of view of poorer people, it may seem that the old elites who generally live in the more attractive urban areas are again getting the better deal than the general public.

    Solution: Widen the band of prices for housing privatization so that there are market-clearing low prices in the countryside, and closer to market, higher prices in cities and particularly in good neighborhoods.

IV. METHODOLOGY

The Estonian Government has signalled housing privatization as one of its top priorities with respect to the overall privatization program. However, the number c institutions involved and the physical complexity of the application may make orderly imp mentation difficult. The Deloitte & ToucheTeam undertook to study the current status of program implementation with the view to identifying existing and potential roadblocks and providing recommendations for their resolution.

In order to achieve these objectives, the Deloitte & ToucheTeam prepared a standard questionnaire (with 23 questions) and used it as a framework for conducting interviews with participants in the Popular Capital Obligation program of the Government (See Appendix A). These participants included representatives from local governments, local housing offices, central government housing and computer agencies, as well as policy makers in the government and parliament.

The questionnaire was designed to allow theTeam to compare the opinions and experiences of these diverse participants concerning the program. The specific questions were designed to 1) test theTeam's existing hypothesis about problems with the program; 2) assess progress and methods of implementation at the local level; and 3) unearth any additional problems or solutions. For example, theTeam initially hypothesized that training of participants and public relations would both be areas for improvement. However, theTeam learned that training was quite well addressed already by the State Computing Center who had established a training center for the software program which manages the Popular Capital Obligation distribution. Training had also been addressed by the National Housing Board, who had conducted seminars for local officials to instruct them on the details of the overall Popular Capital Obligation program and its specific relationship to housing privatization.

TheTeam translated the questionnaire into Estonian and distributed it at the start of each interview with the participants. This improved the consistency of results because virtually all the local interviews were, of necessity, conducted in Estonian with a translator. Each interview took approximately one hour, sometimes more. In spite of the time and logistical constraints, theTeam was still able to conduct enough interviews to form a representative sample. (See Appendix B)

At the time of the survey, implementation was occurring at the local level, however detailed and comparable information which would allow theTeam to analyze the program was not being channeled from the local level to the center in a formal manner. For this reason, theTeam identified a representative sample of local participants including county, municipal, and housing officials in large and small cities and small towns. In addition, by visiting participants in the south-central regions (Tartu and Viljandi), the urban center (Tallinn), and the north-east (Kohtla-Järve, Vosu), theTeam's results are sensitive to local and ethnic population variations. (See Appendix B)

TAB I - ASSESSMENT QUESTIONNAIRE

Appendix A

ASSESSMENT OF IMPLEMENTATION

QUESTIONNAIRE

In order to develop an implementation plan for the Housing Voucher Program, answers to the following questions are necessary:

Generally

1. How much time does it take for a local housing office or local government to issue a "yellow card"?

2. How much time does it take for an office to accept a filled in yellow card (to verify data, answer any questions)?

3. Which offices will accept completed cards (only local government offices, or will some local housing offices also accept and process completed cards?)

4. Which offices are currently computerized and which are not?

5. Is it possible to computerize additional offices?

For Computerized Offices

6. For each computerized office, how many computers are there and how many employees who know how to operate them?

7. For each computerized office, how many completed voucher applications do they expect to receive?

8. Who will install the Automated Housing Voucher software and verify its correct operation?

9. If computer operators have questions about the software or the process, who can they call? Does the State Computing Center have the resources to handle questions like this?

10. What is the schedule for installation of the computerized system?

11. Which offices will be computerized, in which order?

12. How often, and in what manner will data from the computerized offices be submitted to the State Computing Center?

13. What procedures exist for correction of errors in data entry?

For Non-computerized Offices

14. For each non-computerized office, how many employees do they have?

15. For each non-computerized office, how many completed voucher applications are expected?

16. Where will data be sent for computerization? (To other local governments or housing offices with computers? Directly to the State Computing Center?)

17. In what format will data be sent? (will it be compiled or processed in any way by the non-computerized offices?)

18. How often will the data be sent (every day, once a week, once a month?)

19. What are the review procedures to ensure that non-computerized data is error free before it is forwarded to a computerized office for processing?

20. What procedures exist for correcting errors discovered at the computerized processing office? (Will the form be returned to the originating office, will a written query be sent, will a representative of the computerized processing office telephone the originating office?)

Overall Programmatic Assessment

21. Where do gaps in information and understanding exist?

22. Is there a pattern? (Are there certain areas of the country or types of participating institution where information is most lacking or level of understanding is lowest?)

23. What is the nature of the misunderstandings? (Which component of the housing voucher program causes the greatest confusion? Is it collecting data from applicants, entering data into the system, dealing with general questions from housing voucher applicants, assessing the completeness of applications, or generally, being informed and understanding the newly promulgated laws)

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ASSESSMENT OF IMPLEMENTATION

QUESTIONNAIRE (ESTONIAN VERSION)

Elamispinnaosakute programm

Programmi juurutamiseks vajalik informatsioon

Selleks, et välja töötada elamispinnaosakute programmi juurutamise plaani, on vajalik vastata järgmistele küsimustele:

Kõigile -

1. Kui palju kulub aega elamuvalitsuses või kohalikus omavalitsuses nn. kollase kaardi väljastamiseks?

2. Kui palju aega kulub vastavas asutuses selleks, et vastu võtta täidetud kollane kaart (kontrollida andmed, vastata küsimustele)?

3. Millised asutused võtavad vastu täidetud kaarte (kas ainult kohalikud omavalitsused või ka mõningad kohalikud elamuvalitsused hakkavad vastu võtma ja töötlema täidetud kaarte)?

4. Millised asutused on käesoleval ajal varustatud arvutitega ja millised ei ole?

5. Kas on võimalik arvutitega varustada teisi asutusi täiendavalt?

Arvuteid omavatele asutustele -

6. Iga arvuteid omava asutuse puhul selgitada, mitu arvutit seal on ja kui palju on töötajaid, kes oskavad arvutit kasutada.

7. Igas arvuteid omavas asutuses küsida, kui palju täidetud osakuavaldusi nad oma arvestuste kohaselt arvavad saavat.

8. Kes paigaldab automatiseeritud elamispinnaosakute süsteemi tarkvara ja kontrollib selle õiget funktsioneerimist?

9. Kui arvutioperaatoritel tekib küsimusi seoses protsessi enese või tarkvaraga, kelle poole nad siis pöörduvad? Kas Riigiarvutuskeskusel on piisavalt ressursse taoliste küsimustega tegelemiseks?

10. Milline on arvutisüsteemi paigaldamise ajakava?

11. Millised asutused varustatakse arvutitega ja millises järjekorras?

12. Kui sageli ja millisel viisil edastatakse andmed arvuteid omavates asutustest Riigiarvutuskeskusesse?

13. Millised on olemasolevad protseduurid andmete sisestamisel tekkivate vigade parandamiseks?

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Arvuteid mitteomavatele asutustele -

14. Igalt arvuteid mitteomavalt asutuselt küsida, kui palju on neil töötajaid.

15. Igalt arvuteid mitteomavalt asutuselt küsida, kui suur on oodatav täidetud osakuavalduste arv.

16. Kuhu saadetakse andmed töötlemiseks arvutil? (Kas teitesse, arvuteid omavatesse kohalikesse omavalitsustesse või elamuvalitsustesse? Kas otse Riigiarvutuskeskusesse?)

17. Millises formaadis saadetakse andmed? (Kas andmeid kompileeritakse või töödeldakse mingisugusel viisil arvuteid mitteomavates asutustes?)

18. Kui sageli toimub andmete edastamine? (iga päev, üks kord nädalas, üks kord kuus?)

19. Millised on ülevaateprotseduurid kindlustamaks, et andmetes ei esine vigu enne nende edastamist töötlemiseks arvuteid omavasse asutusse?

20. Millised on kasutatavad protseduurid vigade parandamiseks, mis avastatakse andmeid arvutiga töötlevas asutuses? (kas formular saadetakse tagasi algasutusse? kas saadetakse kirjalik järelepärimine? kas arvutit omava asutuse esindaja helistab algasutusse?)

Üldine programmiline hinnang -

21. Kus eksisteerivad informatsiooni ja arusaamise tühimikud?

22. Kas sellel on oma kindel struktuur? (Kas on olemas teatud piirkonnad riigis või osalevate asutuste tüübid, kus on kõige rohkem informatsiooni puudujääke või kus arusaamise tase on madalaim?)

23. Milline on arusaamatuste olemus? (Milline elamispinnaosakuprogrammi komponent põhjustab kõige enam segadust? Kas selleks on andmete kogumine taotlejatelt, andmete sisestamine süsteemi, elamispinnaosakute taotlejate üldiste küsimustega tegelemine, avalduste täitmise hindamine, või üldisemalt, informeeritus ja uuesti formuleeritud seaduste mõistmine)

TAB II - LIST OF INTERVIEWS

Appendix B

ASSESSMENT OF IMPLEMENTATION

LIST OF INTERVIEWS

1. Mr. Raivo Kasemaa
   General Manager
   Estonian State Computing Center
   Tallinn

2. Mrs. Marja Kajandu
   Production Manager
   Estonian State Computing Center
   Tallinn

3. Ms. Tiiu Strauss
   Project Manager
   Estonian State Computing Center
   Tallinn

4. Mrs. Liia Hanni
   Minister of Reform
   Tallinn

5. Mr. Meelis Paaro
   Vice Chairman
   Tallinn East District
   Tallinn

6. Mr. August Koppel
   Manager
   Oismae Local Housing Board
   Tallinn

7. Mr. Endel Kaljusmaa
   Deputy Director
   National Housing Board
   Tallinn

8. Mr. Roman Mugur, Alderman
   Mr. Arvo Sakarias, Computer Specialist
   Mr. Peeter Tooming, Computer Specialist

Tartu

9. Mr. Heike Tamm
City Housing Administrator
Tartu

10. Mrs. Riisalu
Director of Development Department
Kohtla-Järve

11. Mrs. Velbaum
Deputy Director of Development Department
Kohtla Jarva

12. Mrs. Tiiu Kibe
Manager
Town Land Department
Vosu

13. Mr. Laukse
City Councilman
Viljande

14. Mr. Michael Servinski
Director
Viljande Statistics Office
Viljande

15. Mr. Riho Rasmann
Director
Department of State Property
Tallinn

TAB III - TRAINING

Appendix C

ASSESSMENT OF IMPLEMENTATION

TRAINING

The need for training for the Popular Capital Obligation program has been addressed in a number of different ways.

Housing Privatization

The housing privatization component of the Popular Capital Obligation program in particular has been the subject of many different training and information dissemination activities. For example, all local government participants and certain major local housing offices were issued a detailed instruction manual containing information on all aspects of voucher issuance and housing privatization in general. This information was supplemented with a series of seminars with presentations by knowledgeable central government policy makers and others. These seminars were very successful in promoting a dialogue between the different participants and were well attended.

Automated Voucher System

The Estonian State Computing Center (ESCC) has been very proactive in disseminating the software for the Automated Voucher System. The ESCC notified all county and local governments that the computer program was available to them and informed them of their training options. The ESCC is providing training for all interested local government or local housing authorities who intend to use the computerized system. A partial list of attendees at the Computing Center training classes is attached as part of this Appendix.

The ESCC also responds to questions from local authorities regarding procedural issues. In fact, the ESCC's is the only telephone number listed on any of the documentation distributed to the local authorities.

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ATTACHEMENT - PARTIAL LIST OF TRAINING SESSION ATTENDEES

RAHVAKAPITALI OSAKUTE REGISTER
Koolitatute nimekiri

Leht 1

Jrk.	Ettevõtte nimetus	Õpilase nimi	Telefon	Kuupäev
1	Haabersti Haldusüksuse Valits.	Press,Esta	599111	28.01.93
2	Kesklinna Elamute Valitsus	Elias,Rita	444698	28.01.93
3	Põhjarajooni V jaoskond	Slepkina,Ljubov	492095	28.01.93
4	Maardu Haldusüksuse Valitsus	Kiter,Urve	235508	28.01.93
5	Nõmme Haldusüksuse Valitsus	Järve,Signe	514675	28.01.93
6	Lääne Haldusüksuse Valitsus	Lippur,Sirje ~400,000	448531	28.01.93
7	Idarajooni Elamuamet	Koppel,Riina	437625	28.01.93
8	Lasnamäe EEV	Weizman,Vadim	331435	28.01.93
9	ME "Saurem"	Veerg,Ülla	596148	28.01.93
10	Vasalemma Vallavalitsus	Annert,Ulvi	749410	01.03.93
11	Aegviidu Alevivalitsus	Pürjema,Aili	767395	01.03.93
12	Kuusalu Vallavalitsus	Leedjärv,Jaan	772582	01.03.93
13	Võru Infokeskus 45000	Ojamaa,Margo	21146	01.03.93
14	Tartu Maavalitsus 49000	Puus,Uuno	31395	01.03.93
15	Sõmeru Vallavalitsus	Lainjärv,Janne	46119	01.03.93
16	Rakvere Vallavalitsus	Eiber,Uuno	42532	01.03.93
17	Nissi vald	Kiisel,Urmas	737231	01.03.93
18	Tapa linnavalitsus	Kukk,Külli	75113	01.03.93
19	Rapla Vallavalitsus	Saar,Ülo	58887	01.03.93
20	Haapsalu Kommunaalosakond	Karolin,Triinu	44584	01.03.93
21	Järvakandi Alevivalitsus	Tomson,Kersti	77230	01.03.93
22	Sillamäe Linnavalitsus 21000	Nazarjeva,Irina	1929	01.03.93
23	Jõhvi linn 15000	Merilai,Kalle	26682	01.03.93

RAHVAKAPITALI OSAKUTE REGISTER
Koolitatute nimekiri

Jrk.	Ettevõtte nimetus	Õpilase nimi	Telefon	Kuupaev
24	Võsu alevivalitsus	Kibe,Tiiu	99101	01.03.93
25	Pärnu Linna Infoosakond	Volkov,Viktor	45848	02.03.93
26	AS A.P.E.	Majajääs,Ellen	0	02.03.93
27	Ida-Viru Maavalitsus	Paaps,Galina	22453	02.03.93
28	Kohtla-Järve Linnavalitsus			02.03.93
29	Haljala vallavalitsus	Krull,Mati	49175	02.03.93
30	AS PT Mikro	Trutsi,Peeter	47340	02.03.93
31	Tabivere Vallavalitsus	Õispuu,Viljar	36248	02.03.93
32	Harku Vallavalitsus	Ariko,Aune	716354	02.03.93
33	Kehtna Vallavalitsus	Kivimägi,Natalja	75357	02.03.93
34	Kõue Vallavalitsus	Vilipõld,Marika	753317	02.03.93
35	Põltsamaa Ettevõte "TARE"	Tünne,Liia	51368	02.03.93
36	Põltsamaa Vallavalitsus	Tünne,Liia	51514	02.03.93
37	Järva-Jaani Vallavalitsus	Mõtsnik,Jaan	63377	02.03.93
38	Kareda Vallavalitsus	Vahtramäe,Üllar	64448	02.03.93
39	Tamsalu Alevivalitsus	Padda,Ülo	30474	02.03.93
40	Kuressaare linnavalitsus	Lemba,Hulda	54246	02.03.93
41	Saku Vald	Luht,Sirje	721011	02.03.93
42	Jõgevsa Linna Elamuosakond	Eik,Kersti	21007	02.03.93
43	Pajusi Vallavalitsus	Juhkam,Tiia	50251	02.03.93
44	Hiiu Maavalitsus	Paljasma,Monika	91055	02.03.93
45	Laekvere vald	Altperc,Neeme	95301	02.03.93
46	Palamuse Vallavalitsus	Nigulas,Heili	33181	02.03.93

RAHVAKAPITALI OSAKUTE REGISTER
Koolitatute nimekiri

Jrk.	Ettevõtte nimetus	Õpilase nimi	Telefon	Kuupäev
47	Kohila alevivalitsus	Abroi,Aili	33064	02.03.
48	Loksa Vallavalitsus	Kasetalu,Ain	775246	02.03.
49	Sangaste Vallavalitsus	Korbun,Aldo	91337	02.03.
50	Viimsi Vallavalitsus	Saks,Sirje	770699	02.03.
51	Tartu EMO 113000	Ta[illegible]ik 02.03.93		

Total - 1 - 1.2M.
(including children)

- 673

TAB IV - LIST OF PARTICIPATING OFFICES

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Appendix D

LIST OF PARTICIPATING OFFICES

H A L D U S O K S U S E D

leht: 1

Kood	Nimi		population served Elanike arv	will use computer system osalus
	Tallinn		490 000	✓
728	Saue	alev		
446	Maardu	linn		
	Kohtla-Järve		74 000	✓
323	Kohtla-Nõmme	alev		
645	Püssi	alev		
894	Viivikonna	alev		
749	Sompa	alev		
338	Kukruse	alev		
551	Oru	alev		
309	Kiviõli	linn		
120	Ahtme	linn		
	Narva		86 000	—
513	Narva-Jõesuu	alev		
	Pärnu		57 000	✓
741	Sindi	linn		
	HARJUMAA		100600	
112	Aegviidu	alev	1100	✓
290	Kehra	alev	4000	
424	Loksa	alev	4500	
296	Keila	linn	10 300	
580	Paldiski	linn	7600	
140	Anija	vald	2800	
198	Harku	vald	5000	✓
245	Jõelähtme	vald	5000	
295	Keila	vald	2500	
337	Kose	vald	5800	
352	Kuusalu	vald	4600	✓
363	Kõue	vald	1800	✓
423	Loksa	vald	2500	✓
518	Nissi	vald	4900	✓
562	Padise	vald	1200	—
	Σ 15 o/v			
	Tartu		113 400	✓
	Sillamäe		21 100	✓

651	Raasiku	vald	4100		
653	Rae	vald	7100		
718	Saku	vald	8400		v
727	Saue	vald	6400		v
868	Vasalemma	vald	4800		v
890	Viimsi	vald	5800		v
	Σ 21 o/v		Σ 100600	Σ 10 o/v	45300
	HIIUMAA		11800		v
Kood	Nimi				
371	Kärdla	linn	4300		v
175	Emmaste	vald	1600		v
368	Käina	vald	2500		v
392	Lauka	vald	1600		v
639	Pühalepa	vald	1800		v
	Σ 5 o/v		Σ 11800		Σ 11200
	IDA-VIRUMAA		39300		v
Kood	Nimi				
253	Jõhvi	linn	17300		v
122	Alajõe	vald	1000		v
154	Aseri	vald	1100		v
164	Avinurme	vald	1800		v
224	Iisaku	vald	1500		v
229	Illuka	vald	1200		v
252	Jõhvi	vald	2000		v
320	Kohtla	vald	1700		v
420	Lohusuu	vald	800		v
437	Lüganuse	vald	1400		v
449	Maidla	vald	900		v
498	Mäetaguse	vald	1800		v
851	Vaivara	vald	1800		v
751	Sonda	vald	1500		v
802	Toila	vald	2600		v
815	Tudulinna	vald	700		v
	Σ 16 o/v		Σ 39300		39300
	JOGEVAMAA		42600		
Kood	Nimi				
249	Jõgeva	linn	1000		v
485	Mustvee	linn	2000		
617	Põltsamaa	linn	5200		v
248	Jõgeva	vald	5900		
573	Pajusi	vald	1900		v
576	Pala	vald	1500		
578	Palamuse	vald	2800		v
611	Puurmani	vald	2100		
616	Põltsamaa	vald	5100		v
657	Raja	vald	1600		
713	Saare	vald	1500		

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773	Tabivere	vald	2,200	✓
810	Torma	vald	3100	
	Σ 13 o/r		Σ 42600	Σ 60 ✓ 2,4200
	JÄRVAMAA		43600	

Kood	Nimi			
566	Paide	linn	10700	
837	Türi	linn	6900	
129	Albu	vald	1600	
134	Ambla	vald	2900	
234	Imavere	vald	1000	
257	Järva-Jaani	vald	2300	✓
314	Koeru	vald	2800	
325	Koigi	vald	1400	
400	Lehtse	vald	2000	
537	Oisu	vald	1600	
271	Kabala	vald	1300	
565	Paide	vald	2000	
288	Kareda	vald	1100	✓
836	Türi	vald	2900	
937	Väätsa	vald	1500	
684	Roosna-Alliku	vald	1600	
	Σ 16 o/r		Σ 43600	Σ 20 ✓ 3400
	LÄÄNEMAA		33800	—

Kood	Nimi			
412	Lihula	alev	1800	
183	Haapsalu	linn	15000	
195	Hanila	vald	2200	
342	Kullamaa	vald	1800	
411	Lihula	vald	1600	
552	Oru	vald	900	
452	Martna	vald	1300	
531	Nõva	vald	600	
520	Noarootsi	vald	1000	
674	Ridala	vald	3500	
680	Risti	vald	1000	
776	Taebla	vald	3000	
907	Vormsi	vald	300	
	Σ 13 o/r		Σ 33800	
	LÄÄNE-VIRUMAA		79600	

Kood	Nimi			
788	Tamsalu	alev	2900	✓
922	Võsu	alev	700	✓
345	Kunda	linn	5000	
663	Rakvere	linn	19800	
791	Tapa	linn	10000	✓
190	Haljala	vald	3200	✓
770	Sõmeru	vald	4000	✓

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273	Kadrina	vald	6700		
381	Laekvere	vald	2200		v
660	Rakke	vald	2500		
662	Rakvere	vald	2400		v
702	Rägavere	vald	1100		
161	Avanduse	vald	1100		
787	Tamsalu	vald	2600		
887	Vihula	vald	1600		
900	Vinni	vald	6600		v
902	Viru-Nigula	vald	1400		
927	Väike-Maarja	vald	5800		
	Σ 18 o/r		Σ 79600	Σ 20 o/r	32000
	POLVAMAA		36400		—

Kood	Nimi				
620	Põlva	alev	7300		
705	Räpina	alev	3500		
117	Ahja	vald	1300		
707	Räpina	vald	3100		
354	Kõlleste	vald	1200		
285	Kanepi	vald	3100		
385	Laheda	vald	1500		
465	Mikitamäe	vald	1400		
473	Mooste	vald	1900		
619	Põlva	vald	4100		
547	Orava	vald	1000		
856	Valgjärve	vald	2000		
872	Vastse-Kuuste	vald	1300		
879	Veriora	vald	1900		
934	Värska	vald	1200		
	Σ 15 o/r		Σ 36400		
	PÄRNUMAA		43500		—

Kood	Nimi				
395	Lavassaare	alev	500		
627	Pärnu-Jaagupi	alev	1500		
805	Tootsi	alev	1300		
931	Vändra	alev	3000		
306	Kilingi-Nõmme	linn	2500		
149	Are	vald	1500		
159	Audru	vald	4600		
188	Halinga	vald	2400		
213	Häädemeeste	vald	9300		
276	Kaisma	vald	600		
303	Kihnu	vald	500		
334	Koonga	vald	1700		
568	Paikuse	vald	2400		
711	Saarde	vald	3000		
730	Sauga	vald	2100		
756	Surju	vald	1000		
782	Tali	vald	1000		

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808	Tori	vald	2800		
826	Tõstamaa	vald	1700		
848	Uulu	vald	1800		
863	Varbla	vald	1300		
930	Vändra	vald	2200		
	Σ 22 o/v		Σ 43300		
	RAPLAMAA		39600		

Kood	Nimi				
260	Järvakandi	alev	1800		✓
318	Kohila	alev	3600		
505	Märjamaa	alev	3300		
670	Rapla	alev	6400		
240	Juuru	vald	3400		
292	Kehtna	vald	5400		✓
317	Kohila	vald	2000		✓
375	Käru	vald	900		
427	Loodna	vald	1300		
504	Märjamaa	vald	3700		
654	Raikküla	vald	1900		
669	Rapla	vald	3600		✓
884	Vigala	vald	2300		
	Σ 13 o/v		Σ 39600	Σ 40 o/v	12800
	SAAREMAA		40600		✓

Kood	Nimi				
349	Kuressaare	linn	16600		✓
270	Kaarma	vald	1800		✓
301	Kihelkonna	vald	1400		✓
348	Kuressaare	vald	2100		✓
373	Kärla	vald	2200		✓
386	Laimjala	vald	900		✓
403	Leisi	vald	2600		✓
440	Lümanda	vald	1000		✓
478	Muhu	vald	2200		✓
483	Mustjala	vald	1000		✓
550	Orissaare	vald	1100		✓
592	Pihtla	vald	1700		✓
634	Pöide	vald	2300		✓
689	Ruhnu	vald	60		✓
721	Salme	vald	1900		✓
858	Valjala	vald	1700		✓
	Σ 16 o/v		Σ 40600	Σ 16 o/v	40600
	TARTUMAA		49300		✓

Kood	Nimi				
170	Elva	linn	6300		✓
279	Kallaste	linn	1300		✓
126	Alatskivi	vald	1600		✓
185	Haaslava	vald	1600		✓

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282	Kambja	vald	2600	✓
331	Kõnguta	vald	1500	✓
383	Laeva	vald	900	✓
432	Luunja	vald	2400	✓
454	Meeksi	vald	1000	✓
501	Mäksa	vald	1700	✓
528	Nõo	vald	3600	✓
587	Peipsiääre	vald	900	✓
595	Piirissaare	vald	80	✓
605	Puhja	vald	2600	✓
666	Rannu	vald	2100	✓
694	Rõngu	vald	3300	✓
794	Tartu	vald	4900	✓
831	Tähtvere	vald	3000	✓
861	Vara	vald	2100	✓
915	Võnnu	vald	1300	✓
949	Ülenurme	vald	4500	✓
	Σ 21 o/v		Σ 49300	Σ 21 o/v 49300
	VALGAMAA		41400	

Kood	Nimi			
556	Otepää	linn	2500	
823	Tõrva	linn	3600	
854	Valga	linn	17300	
203	Helme	vald	2900	
208	Hummuli	vald	1100	
289	Karula	vald	1500	
582	Palupera	vald	1300	
608	Puka	vald	2100	
613	Põdrala	vald	1100	
724	Sangaste	vald	1800	✓
779	Taheva	vald	1200	
820	Tõlliste	vald	2300	
943	Oru	vald	200	
636	Pühajärve	vald	2000	
	Σ 14 o/v		Σ 41400	Σ 1 o/v 1800
	VILJANDIMAA		65300	✓

Kood	Nimi			
107	Abja-Paluoja	alev	1700	✓
287	Karksi-Nuia	alev	2400	✓
912	Võhma	alev	2000	✓
490	Mõisaküla	linn	1300	✓
760	Suure-Jaani	linn	1500	✓
897	Viljandi	linn	23000	✓
105	Abja	vald	1600	✓
192	Halliste	vald	2400	✓
328	Kolga-Jaani	vald	2100	✓
357	Kõo	vald	1400	✓
360	Kõpu	vald	900	✓
545	Olustvere	vald	1200	✓

570	Paistu	vald	1800,		✓
600	Polli	vald	2700		✓
629	Pärsti	vald	4400		✓
715	Saarepeedi	vald	1400		✓
759	Suure-Jaani	vald	2000		✓
797	Tarvastu	vald	5000		✓
870	Vastemõisa	vald	1200		✓
892	Viiratsi	vald	4200		✓
	Σ 20		Σ 65300	Σ 20 o/v	65300
	VORUMAA		45700		✓

Kood	Nimi				
144	Antsla	linn	1600		✓
919	Võru	linn	18000		✓
143	Antsla	vald	3400		✓
181	Haanja	vald	1500		✓
389	Lasva	vald	1900		✓
460	Meremäe	vald	2200		✓
468	Misso	vald	1000		✓
493	Mõniste	vald	1300		✓
697	Rõuge	vald	2300		✓
767	Sõmerpalu	vald	2300		✓
843	Urvaste	vald	1700		✓
865	Varstu	vald	1600		✓
874	Vastseliina	vald	2100		✓
918	Võru	vald	4200		✓
	Σ 14		Σ 45700	Σ 14 o/v	45700