



RAHANDUS- MINISTEERIUM

MINISTRY of FINANCE of the REPUBLIC of ESTONIA

Partnership Agreement for the use of European Structural and Investment Funds 2014-2020

2014EE16M8PA001



European Union
Structural Assistance



Investing in your future

Contents

- 1. Arrangements to ensure alignment with the Union strategy of smart, sustainable and inclusive growth as well as Fund-specific missions..... 5
 - 1.1. Analysis of development needs and growth potential with reference to sectoral objectives and territorial challenges and taking account of the ‘Estonia 2020’ National Reform Programme and country-specific recommendations made within the scope of the European Semester..... 5
 - 1.1.1. Macroeconomic environment and situation..... 5
 - 1.1.2. Development needs and growth potential 6
 - 1.1.3. Regional development trends and challenges..... 42
 - 1.1.4. Priorities for funding..... 50
 - 1.2. Summarised main conclusions of ex-ante evaluations of Operational Programmes and Partnership Agreement..... 51
 - 1.3. Selected Thematic Objectives and main results expected..... 59
 - 1.3.1. Strengthening research, technological development and innovation..... 59
 - 1.3.2. Enhancing access to, and use and quality of, information and communication technology (ICT products, services and applications) 60
 - 1.3.3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)... 62
 - 1.3.4. Supporting the shift towards a low-carbon economy in all sectors..... 63
 - 1.3.5. Promoting climate change adaptation, risk prevention and management..... 64
 - 1.3.6. Protecting the environment and promoting resource efficiency 64
 - 1.3.7. Promoting sustainable transport and removing bottlenecks in key network infrastructures..... 65
 - 1.3.8. Promoting employment & supporting labour mobility..... 67
 - 1.3.9. Promoting social inclusion & combating poverty..... 69
 - 1.3.10. Investing in education, skills and life-long learning..... 74
 - 1.3.11. Enhancing institutional capacity and ensuring efficient public administration..... 78
 - 1.4. Indicative allocation of EU support by Thematic Objective..... 87
 - 1.5. Application of horizontal principles and policy objectives for the implementation of the ESI Funds89
 - 1.5.1. Involvement of partners..... 89

1.5.2.	Promotion of equality between men and women, non-discrimination and accessibility	93
1.5.3.	Sustainable development.....	95
1.5.4.	Horizontal principles and policy objectives.....	97
1.6.	List of Operational Programmes for the ESI Funds, with the respective indicative allocations by Fund and by year	100
1.7.	Request for transfer of Structural Fund allocations between categories of regions	100
1.8.	Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal.....	100
1.9.	Request for a transfer of technical assistance to the European Commission.....	100
1.10.	Information on the allocation related to the performance reserve, broken down by Fund and category of region, where appropriate, and on the amounts excluded for the purpose of calculating the performance reserve.....	100
2.	Arrangements to ensure effective implementation	102
2.1.	Arrangements that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB.....	102
2.2.	Data for ex-ante verification of compliance with the rules on additionality	105
2.3.	Summary of the assessment of compliance with ex-ante conditionalities.....	106
2.4.	Methodology and mechanism to ensure consistency in the functioning of the performance framework.....	185
2.5.	Assessment of need to reinforce the administrative capacity of authorities and, where appropriate, of beneficiaries, and summary of action to be taken for this purpose.....	186
2.6.	Summary of action planned in the Operational Programmes, including an indicative timetable, to achieve a reduction in administrative burden on beneficiaries.....	190
3.	Description of the integrated approach to territorial development supported by the esi funds or a summary of the integrated approaches to territorial development based on the content of the programmes.....	192
3.1.	The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas.....	192
3.1.1.	Community-led local development	193
3.1.2.	Integrated territorial investments.....	197
3.1.3.	Sustainable urban development, including principles for identifying urban areas where integrated actions for sustainable urban development are to be implemented	198
3.1.4.	Main priority areas for cooperation, taking account, where appropriate, of macro-regional strategies and sea basin strategies	199

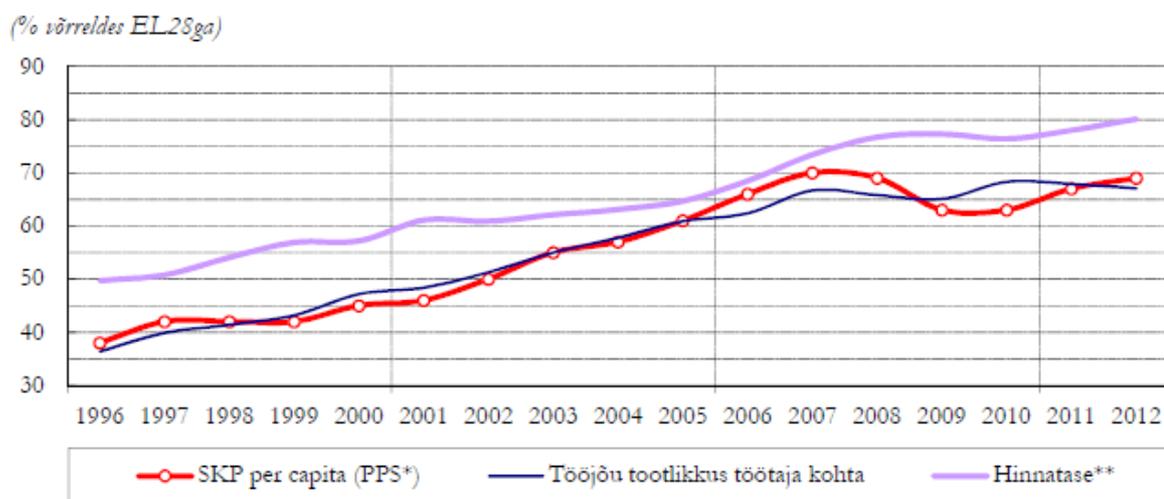
3.1.5. Where appropriate, an integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at the highest risk of discrimination or social exclusion, with special regard to marginalised communities, people with disabilities, long-term unemployed and young people not in employment, education or training.....	204
3.1.6. Where appropriate, an integrated approach to address the demographic challenges of regions or the specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps	207
4. Arrangements to ensure efficient implementation of the Partnership Agreement and Operational Programmes	208
4.1. Assessment of the existing systems for electronic data exchange and a summary of action planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for the management and control of programmes to be carried out by electronic data exchange.....	208

1. Arrangements to ensure alignment with the Union strategy of smart, sustainable and inclusive growth as well as Fund-specific missions

1.1. Analysis of development needs and growth potential with reference to sectoral objectives and territorial challenges and taking account of the 'Estonia 2020' National Reform Programme and country-specific recommendations made within the scope of the European Semester

1.1.1. Macroeconomic environment and situation

A pre-condition for smart, sustainable and inclusive economic development is to ensure macroeconomic stability and flexibility, which support internal and external balance. The speed of Estonia's real convergence has been fast, and we are approaching the EU average (see Figure 1). The risks and imbalances that increased during the period of rapid credit-fuelled economic growth have decreased rapidly in the adaptation process that followed the crisis and reduced the further vulnerability of our economy. The sudden contraction in global economic activity and trade that was caused by the global credit crisis had a significant impact on Estonia's open economy, which demonstrated remarkable flexibility in coping with this. The reliability of fiscal policy was maintained in the changed economic conditions and the support it offered to economic development allowed the state to overcome the crisis without increasing its financial obligations considerably. Increasing economic flexibility, supporting the business environment and improving the efficiency of the labour market have become the key issues that help to guarantee sustainable economic development. In addition, the long-term sustainability of public finances considering the ageing population should be ensured, and funds should be channelled to foster economic growth and employment.



* PPS – ostujõu pariteedi alusel arvutatud SKP.

** Majapidamiste lõpptarbimiskulutuste hinnatase.

GDP per capita (PPS*)

Labour productivity per employee

Price level**

* PPS – GDP calculated on the basis of purchase power parity

** Households' final consumption price level

Figure 1. Estonia's real convergence with the EU

Source: Eurostat, Ministry of Finance

According to the latest data,¹ the **gross domestic product of Estonia** increased by 0.7% in 2013; in 2014, the recovery in external demand is expected to increase economic growth to 3.6%². In addition to the increasing growth in exports, domestic demand will also support growth. Exports will grow faster than imports, and the contribution of net exports will be positive. In the last two years of the current forecast period (2016–2017), economic growth is expected to amount to 3.6% and 3.8%, respectively. During these years, in addition to exports, GDP growth will also be supported by increasing domestic demand, especially due to increasing investment activity.

Estonia has set a target of achieving a 76% employment rate in the 20-64 age group by 2020. The level of **employment** started to recover rapidly in 2011 (+6.7% compared to 2010); in 2013, the total employment rate reached the level of 73.3% in the 20-64 age group. Employment growth in resident enterprises was, however, more modest (2.1%), which indicates that the proportion of people working abroad has increased. In 2014, the employment rate is expected to increase by a further 0.4-1.3%; thereafter, the number of people in employment is expected to stop growing due to demographic developments and start declining after 2017. Therefore, economic growth can only be driven by productivity and investments supporting it. Unemployment decreased to 10% in 2012 and continued to decline, reaching 8.6% in 2013³.

1.1.2. Development needs and growth potential

1.1.2.1. Finding new sources of growth, making the economy more knowledge-intensive and increasing the impact of Estonian research

Increasing the productivity of, and the value-added created by, Estonian enterprises requires finding and participating in new areas of growth; the compatibility of the research, development and innovation system with the needs of the economy; moving higher up in value chains; and making structural changes to the economy. Finding new growth models and a knowledge-based economy also help to address other challenges, such as the ageing population and limited availability of natural resources.

Factors requiring intervention and factors enabling growth:

- 1) Unfavourable economic structure and low capitalisation.** For Estonia's prosperity to grow significantly in future, the value-added per employee created by Estonian enterprises should increase. To achieve this, the unfavourable economic structure and low level of capitalisation in production should be surmounted. According to Eurostat, productivity per employee accounted for 68.7% of the EU average in Estonia in 2012. The value-added created in the manufacturing industry accounted for 51% of the EU average in 2010. At the same time, the proportion of people employed in this sector was 19% in Estonia and 16% in the EU⁴. Today's economic structure still largely focuses on labour-intensive production, which is located downstream in the production chain (sub-contracting) and creates less value-added as compared to the final product.
- 2) The sources of economic growth used so far have been exhausted.** The use of credit and the cheap labour as sources of growth have been or soon will be exhausted. While in 2000 the ratios of enterprise and household debt to GDP were 17% and 7%, by 2012 these figures had reached 38% and 44% respectively (and as high as 51% and 54% in 2009)⁵. Over the last 10 years, labour costs have increased by an average of 9% per year in Estonia and by an average of 3% per year in the EU⁶. Estonia's future development is also affected by the fact that the

¹Statistics Estonia, <http://www.stat.ee/72400>

²Ministry of Finance, Summer 2013 Economic Forecast, <http://www.fin.ee/majanduspronoosid>

³Statistics Estonia, <http://www.stat.ee/72314>

⁴Eurostat

⁵Bank of Estonia, Statistics Estonia

⁶Eurostat

economies of many of our major trading partners are reaching the 'New Normal', which is characterised by slow growth, high unemployment, a higher risk level of public debt, modest job growth, higher volatility and uncertainty. Due to close economic, geographic and political ties, Estonia should also consider the challenges of the 'New Normal' similarly to developed countries. The growth concerns of the key target markets and business partners of Estonian enterprises directly influence Estonia's export opportunities and thus also prospects for the long-term continuation of growth.

- 3) Low innovation capacity and the low local impact of research and development.** Today, R&D investments are not always seen as an opportunity to achieve business success and increase competitiveness. However, moving up the value chain requires investments in R&D, innovation and product development (including design). Increasing the value-added of enterprises operating in 'traditional' sectors characterised by low value-added and high employment is another potential source of economic growth. Promoting this with the help of innovation would have a significant impact on the economy as a whole. The specific needs of various sectors should be taken into account (for example, in agriculture, it is important to improve producers' market power; in the fisheries sector, intra-sectoral cooperation needs improvement and producers' cooperation with research institutions needs to be developed to devise new technologies and products in order to give the caught and raised fish as high value-added as possible, to ensure high-quality fish products and to keep production costs as low as possible). Attention must be paid to competence and entrepreneurship growth sectors that have region-specific potential.

In 2012, R&D investments reached 2.19% of GDP,⁷ i.e. a level exceeding the EU average and characteristic of developed industrial countries. This high growth was achieved thanks to growing R&D spending in non-profit institutional sectors (higher education, government and non-profit private sectors), and due to an increase in many fields of activity in the business sector (information, communications and professional, research and technology-related activities). The exceptional increase boosted business R&D intensity to 1.52% of GDP in 2011. This accounts for 63% of total R&D expenditure and is close to the 0.67% target for the share of the private sector in R&D investments. In the EU, the average private-sector R&D intensity is 1.23% of GDP, i.e. 61% of total R&D expenditure. The 'Estonia 2020' National Reform Programme sets the target of raising the level of investment in R&D to 3% of GDP by 2020, which implies a fourfold increase in R&D volumes compared to 2009.

However, the level of RD&I spending remains low in Estonian enterprises, indicating that there is no demand for RD&I – most Estonian enterprises perform low-knowledge work in the international production chain. Enterprises do not have sufficient expertise or human resources to develop and market innovative products and services.

Estonia's R&D system is characterised by a relatively high academic level, but rather low economic impact in the local context as well as weak links with the business sector. So far, RD&I services have been mostly provided outside of Estonia, which means that an important resource for growth within Estonia is being underused. This is due to the development path of both the business sector and the R&D system, and it is expressed in the low demand of the business sector for R&D activities as well as in the weak mission and orientation of the R&D system towards bringing about local impact in Estonia. R&D and more generally the higher education system should be a means of achieving structural changes in the economy and the wise positioning of Estonia in the international division of work.

It is important to improve the quality and international competitiveness of research and higher education along with clearer profiling of higher education and research institutions and concentration of skills, considering the needs and opportunities of the labour market. In some areas, the problem is ensuring the next generation of researchers. Even though the number of people who have been awarded a doctoral degree and the proportion of research staff have increased, the efficiency of doctoral studies is still modest and not enough to change the structure of the economy or meet the needs of society. It is essential to provide more support

⁷Statistics Estonia, <http://www.stat.ee/65127>

for doctoral studies in conjunction with enterprises. While young people's interest in natural sciences and technology is rising, the proportion of graduates in science and technology disciplines is still insufficient in Estonia, and therefore promotion activities need to be continued, dropout rates should be reduced and the quality of studies should be improved.

Continued opening of RD&I infrastructure (which was significantly improved during the 2007–2013 EU financial period) for the business sector needs to be addressed. On the one hand, the low demand and implementation capacity of Estonian enterprises poses problems in this context. On the other hand, the R&D activities carried out in Estonian research institutions are often incompatible with the needs of Estonian enterprises. Enterprises' innovation spending is aimed rather at improving the manufacturing process, not product development. Therefore, the focus should continue to be on the transfer of knowledge and on the networking of research and business and the links connecting them (consultants). At the same time, attention should also be paid to the capacity of Estonia's research institutions to participate in finding solutions to global challenges, e.g. in the spheres of energy, healthcare and the environment, which are so complex that no country would be able to solve them efficiently in isolation. This is necessary to ensure that Estonia can share the results of solving the 'large problems' and have better prospects to apply them for the benefit of the country's economy and society. Research excellence and improved capacity are also essential for reacting to local socioeconomic challenges. Although Estonia has been rather successful in improving the quality and increasing the volume of research since regaining its independence, it has not been able to attain the EU average of several indicators; for example, the composite indicator of research excellence in Europe (54% of the EU average in 2010); Estonia's success in the EU framework programmes for research and technical development (the share of contracts received per capita was 87% of the EU average in 2012); the share of scientific publications among the top 10% most cited publications (Estonia: 7.5%; EU: 10.9% in 2008); the number of patents; and the share of foreign doctoral candidates (see the Innovation Union Scoreboard). To ensure that Estonia can share the results of international joint initiatives and have better prospects to apply them for the benefit of our economy and society, it is necessary to achieve closer links with the European research and higher education area and Horizon 2020 initiatives (incl. joint programming in research and initiatives in the Baltic and Nordic region) and to participate in pan-European R&D infrastructures (incl. EFSRI).

There are two more problems: the role of ministries in determining research activities related to the needs of society is generally small and coordination within and between ministries in commissioning the R&D the state needs is inadequate.

- 4) Participation in the business areas and value chains of the future.** For higher value-added to be achieved, the capacity of enterprises to create and implement business models should improve. Sources of growth should primarily be sought in business areas with the highest global growth potential, incl. green business, agriculture (more efficient and full use of local biological resources, incl. fish caught, plus the bio-economy), the silver economy, health and welfare products/services, use of IT solutions, development of creative industries and application of its potential in other areas of the economy and life. These areas are directly related to smart specialisation areas: green business and agriculture contribute directly to the smart specialisation area 'More efficient use of resources'; the silver economy and health and welfare products/services are directly related to the area 'Health technologies and services'; and the use of IT solutions matches the area 'Information and Communication Technology (ICT) horizontally through other sectors'. The economic effect of the use or re-use of public sector information (with the help of IT solutions) alone could amount to gains of up to 140 billion GDP € per year⁸. Estonia's opportunities comprise joining both existing and newly emerging value chains and making better use of existing resources – in the high-growth sectors listed above. The more specific choice of priority sectors to be developed should be based on smart specialisation methods. It is important to bear in mind that analytical work and preparations should observe the value chain perspective (i.e. not current sectors, because the

⁸ European Commission, Public Sector Information – Raw Data for New Services and Products (<http://bit.ly/wa4AR>)

process of creating products and services has been divided up and scattered across the globe). Opportunities should be sought in the continuing division of work and business in global value chains, which are characterised by intense competition for each and every function. To be at the forefront of the knowledge-based economy, Estonia should have the capacity for networking and cooperation in the wider world at least in its own areas of strength, considering the increasing number of new players in Asia providing competition to existing R&D centres in the West. To harness the potential of agriculture and the bio-economy, more cooperation between producers and researchers is needed to put research results into practice. The European Innovation Partnership has this purpose. In the maritime sector, the principles of blue growth are being followed so as to find new sources of growth, such as diversification of activities in coastal regions and development of coastal tourism. In the aquaculture sector, we need to focus on making use of existing production capacities.

5) Information and communication technology as a major set of growth opportunities in creating new products and services and upgrading business models. Application of ICT contributes to making the traditional economy more knowledge-intensive and has a positive impact on the creation of new business models and opportunities for growth. One prerequisite for growth in the knowledge-based economy is fast broadband infrastructure all over Estonia. This would allow for development and more active use of e-services by both the public and private sectors, within Estonia and in cooperation between states and enterprises. The technology helps to simplify services and consider more the interests of users when creating new services. The technology also makes the public services development process more efficient (see also paragraph 1.1.2.7). Providing all of Europe with high-speed broadband will lead to the creation of around 4 million new jobs, and investment in broadband networks will boost GDP by 7%⁹. This will also help to implement the Digital Agenda for Europe¹⁰. In order to achieve the objective of the Digital Agenda for Europe – universal broadband coverage at 30 Mbps¹¹ – we should continue investing in Next Generation Access Networks (NGAs). Although the communications infrastructure that is a prerequisite for the functioning of the information society is available in most regions of Estonia, there are still a number of places where a modern broadband network remains inaccessible¹². To achieve economic growth, development of the state and people's well-being, we should have infrastructure that keeps abreast of technological trends and people's needs, caters to the interests of the public and private sectors and allows for improved productivity in both of these sectors and high-speed Internet access for everybody in Estonia. The Internet broadband network built from 2007–2013 represents around one-third of the network needed. 'Estonia 2020' emphasises the use of ICT and other key forms of technology as horizontal areas for the purpose of improving processes in other areas or creating new initiatives.

Such information society infrastructure consists of physical communication networks and a service space that is common to the public and private sectors. This common service space means the respective environment and cooperation between the public and private sectors, it being based on the development of the interoperability solutions of the IT system of the state in a way that allows for and fosters the use of IT assets by the private sector as well.

The infrastructure needed for the development of the information society also includes a service space, the IT system of the state being at its core. Despite the positive image of its e-government (eID and X Road¹³) and the high-level e-services provided in the public sector (in

⁹European Commission, The Impact of Broadband on Growth and Productivity, 2008 (<http://bit.ly/dqSE5N>); European Commission, Digital Agenda for Europe: key initiatives, 2010 (<http://bit.ly/wR9jbB>)

¹⁰<http://ec.europa.eu/digital-agenda/>

¹¹The coverage of Next Generation Access Networks (NGAs) in Estonia was 61% in 2012 (<http://ec.europa.eu/digital-agenda/en/scoreboard>).

¹²The average population density is ca 30 people per square kilometre. In rural areas, there may be even fewer than 10 people per square kilometre.

¹³According to the 2011 data of the Estonian Information System's Authority, more than 100 databases have been interfaced with X Road and more than 100,000 organisations have used it.

line with the European eGovernment Action Plan¹⁴, among others), Estonia has room for growth, compared to the rest of Europe, with regard to the use of e-commerce opportunities as well as various e-applications that support business functions. Economic operators' awareness of advantages offered by e-applications and IT development is low¹⁵. On the other hand, the application of ICT provides competitive advantages to enterprises in terms of the adequacy, completeness and speed of obtaining information, as the vast majority of data necessary for enterprises exists in digital format and almost all of the technical equipment produced today can be connected to the web. However, as each enterprise has introduced a specific technology platform, it is often a challenge to ensure that data can be exchanged and systems can be integrated between hundreds of enterprises in order to quickly, flexibly and securely link (connect) their data, services and equipment. Enterprises are not capable of setting up such a unified environment – i.e. an Internet economy – alone. Therefore, the public sector must pay attention to developing smart infrastructure for the Internet economy which supports the competitiveness of enterprises and which is essentially open, standardised and technology-neutral. Estonia has huge growth potential in the development of cross-border e-services and e-commerce, which primarily support the functioning of enterprises. When developing cross-border e-services, it is important to achieve synergy with the pilot e-services of member states and the EU, which are being developed under the Connecting Europe Facility.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objectives associated with development needs:		
<ul style="list-style-type: none"> • strengthening research, technological development and innovation; • enhancing access to, and use and quality of, information and communication technologies. 		
Europe 2020 headline target	Current situation (Estonia)	Target for 2020 in the 'Estonia 2020' National Reform Programme
3% of spending to be invested in R&D	2.37% of GDP in 2011 2.19% of GDP in 2012	3%
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3 % in 2013	76%
<p>Country-Specific Recommendation No 3 of 2013: Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p> <p>Country-Specific Recommendation No 4 of 2013: Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the development of cross-border energy connections to diversify energy sources and promote</p>		

¹⁴<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0743:FIN:EN:PDF>

¹⁵AS PricewaterhouseCoopers Advisors, E-ärija e-kaubandusekasutamine Eestis jakasutamiselaiendamise võimalused /The use of e-business and e-commerce in Estonia and opportunities for extending use/ (http://www.mkm.ee/public/Lopparuanne_-_E-ari_ja_e-kaubandus_1_6_avalik_2013.pdf)

competition in the energy market.

Country-specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.2.2. Increasing the export capacity and growth potential of Estonian enterprises

The domestic market of Estonia is small, which is why exports will remain highly important for economic development in the future. However, we cannot rely in the long term on the cost advantage on which our current economy largely relies. Another risk factor is the export base, which remains quite narrow – the decision of some major exporters to leave would have a significant impact on Estonia's export figures. Export growth in the tourism sector is hindered by the limited popularity of Estonia as a tourist destination and the lack of a clearly distinguishable reputation. Expanding to and operating on foreign markets also presupposes the availability of capital, global competition for which is getting tougher by the day.

Factors requiring intervention and factors enabling growth:

- 1) **Small share of exporting enterprises.** Estonia's economic recovery from the crisis has been supported by exports (whose share reached 93% of GDP at current prices in 2011; see Figure 2), with the largest share coming from the business sector, which accounted for nearly 90% of the growth of value-added¹⁶. The 'Estonia 2020' National Reform Programme sets the target of raising the proportion of Estonian exports in world trade to 0.110% of GDP by 2020, which implies increasing the share of exports beyond 120% of GDP. The precondition for attaining the goal is that Estonia's export volumes must grow at a rate which is 2–3 percentage points faster than the world average.

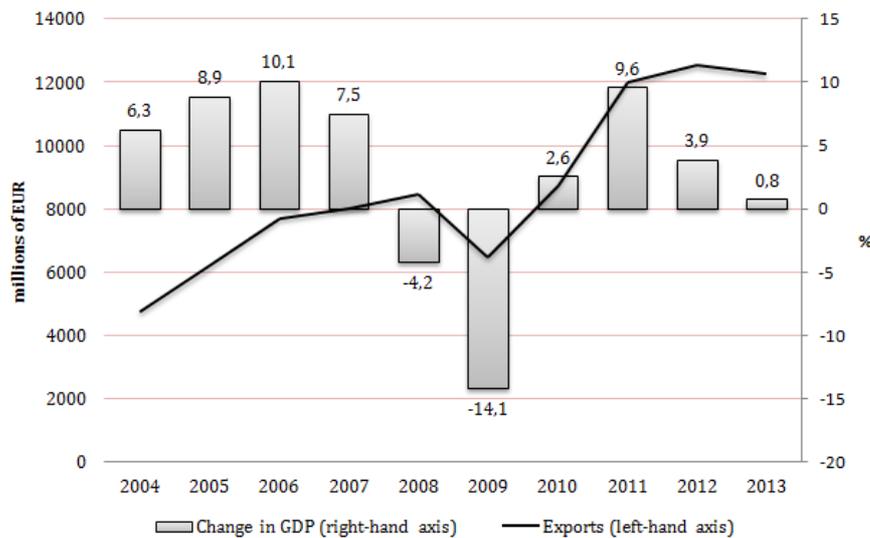


Figure 2. Change in Estonia's GDP and exports

Source: Bank of Estonia, Statistics Estonia

However, most active enterprises operate on the domestic market, with exporting enterprises accounting for just 16% of the total number of enterprises.¹⁷ Larger enterprises with more than 20 employees have stronger export potential and account for 72% of total export revenue,

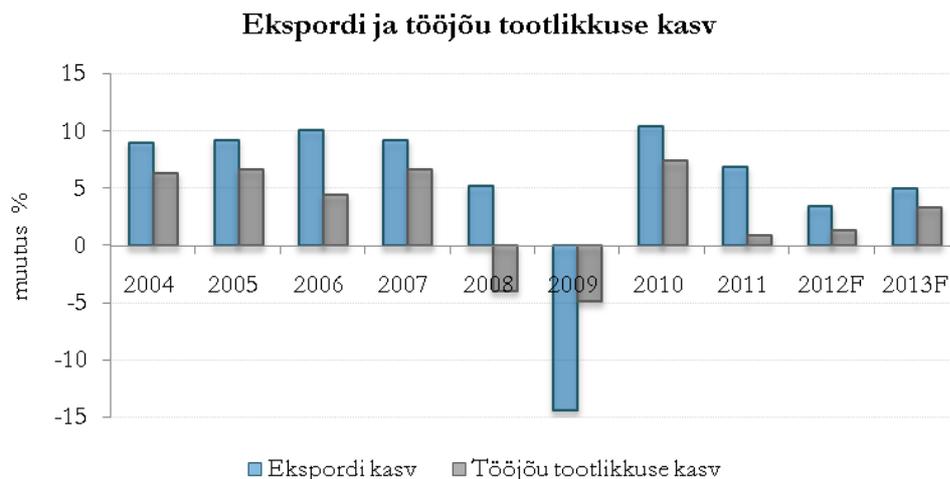
¹⁶Statistics Estonia

¹⁷Statistics Estonia, Tax and Customs Board

while representing less than 10% of the total number of enterprises¹⁸. Due to the small domestic market, exports will be the key to Estonia's economic development in the future, and successful operations in foreign countries will be a critical success factor for many enterprises. The export capacity of Estonian enterprises is reduced by poor awareness of internationalisation, small production capacities, little experience in operating on international markets, the high cost of entering foreign markets and poor cooperation ability.

- 2) **Narrow export base that relies on cost advantages.** It is important to expand the geographic scope of target export markets and diversify products and services that allow higher value-added to be created. So far, exports have largely relied on cost advantages, low value-added sub-contracting and few enterprises. These factors are not conducive to further growth. Although Estonia's export volumes have grown steadily, there has not been an equivalent increase in the share of exports from Estonia in the value chain of exporting sectors, which in practice reduces the potential of exports as an engine for economic development. As a result, the proportion of imports is very high in the value chains of exporting sectors. The growth of higher value-added products and services is limited by poor marketing skills, insufficient knowledge of consumer markets, a limited network of contacts abroad and poorly protected intellectual property rights in products and services.

For Estonian farmers and their products to be competitive on the world market, they need to improve their productivity. Thus, it is important to contribute to research and advice that would increase farmers' productivity. Fisheries are already focusing on exports, but the present export markets are unstable, so the sector needs to find new, more stable markets. Higher value-added and new products, including in the aquaculture sector, are some of the prerequisites for this.



Export and labour productivity growth

Export growth

Labour productivity growth

Figure 3. Export and labour productivity growth

Source: OECD

- 3) **Improving access to capital and increasing foreign investment.** To ensure the continuation of growth, creation of new jobs and development of business, Estonia needs substantial investments, including foreign investments, as our own sources are not sufficient to cover the needs of using the growth opportunities of Estonia. Access to capital is of critical importance to

¹⁸Estonian Chamber of Commerce and Industry, Estonian Institute of Economic Research 2010, *Eestiettevõtete ekspordiprobleemide uuring* /Study of export problems of Estonian enterprises/

small and medium-sized enterprises in particular. According to a survey conducted by the European Central Bank in 2011,¹⁹ 16% of euro area enterprises consider access to capital the most critical problem. At the same time, international competition for foreign capital is rapidly becoming stiffer, as countries facing debt problems are in urgent need of new sources of capital in order to make investments to support growth and service existing debt. Besides and instead of borrowed capital, more attention should be paid to other sources. For example, venture capital investments made in the Baltic States are nearly four times lower than the euro area average. The Capital Availability Study²⁰ also revealed the inadequate supply of equity investments in Estonia, which leads to poor competition on the investment supply market and the inadequate financing of enterprises.

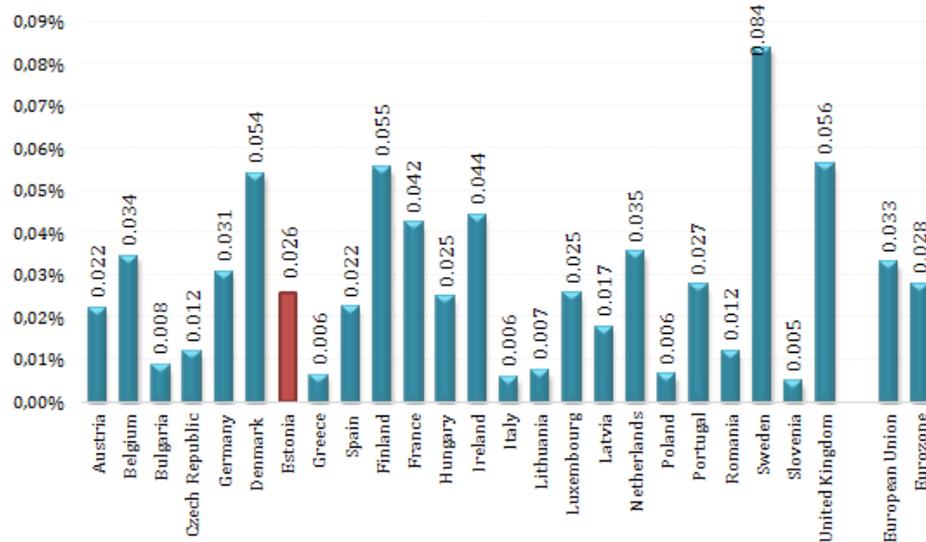


Figure 4. Venture capital investment as a ratio of GDP (average for the period 2007-2012)

Source: EVCA, Eurostat

Foreign investors have so far been an engine for Estonia's economic growth, financing the necessary investments and bringing additional market channels, knowledge and technology. From now on, more work needs to be done to attract foreign investors, given that in a situation of a general lack of capital all countries are increasingly active in seeking foreign investments. It should be kept in mind in this context that most of the capital is moving towards or between emerging economies in Asia and other regions.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objectives associated with development needs:

- **strengthening research, technological development and innovation;**
- **enhancing the competitiveness of SMEs and the agricultural sector (for the EAFRD), and the fisheries and aquaculture sector (for the EMFF);**
- **promoting sustainable and high-quality employment and supporting labour mobility.**

Europe 2020 headline target	Current situation	Target for 2020 in the

¹⁹ECB, 2011, Survey on the Access to Finance of Small and Medium-Sized enterprises in the Euro Area (<http://www.ecb.int/pub/pdf/other/accesstofinancesmallmediumsizedenterprises201112en.pdf?d99f51892ebff93d1fa9c10d6f8611c1>)

²⁰Ernst&Young, Kapitalikättesaadavuseuring /Capital Availability Study/, 2013 (http://www.eas.ee/images/doc/sihtasutusest/uuringud/ettevotlus/Kapitali_kattesaadavuse_uuring.pdf)

	(Estonia)	'Estonia 2020' National Reform Programme
3% of spending to be invested in R&D	2.37% of GDP in 2011 2.19% of GDP in 2012	3%
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%
<p>Country-Specific Recommendation No 3 of 2013: Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p> <p>Country-Specific Recommendation No 4 of 2013: Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the development of cross-border energy connections to diversify energy sources and promote competition in the energy market.</p>		

1.1.2.3. *More efficient use of natural resources and less energy- and carbon-intensive economy*

Limited natural resources and their deteriorating accessibility are in conflict with the growth needs of countries and will increase worldwide competition for resources both between and within regions. The scarcity of natural resource weakens a country's position in international competition, unless it is compensated by lower resource-intensity and improved efficiency. Global economic growth increases demand for natural resources, but the limitation of resources also creates a need to find growth models that put a smaller burden on the environment, as intensive and unsustainable use of natural resources causes the rapid deterioration of the natural and living environment. Decoupling of economic growth from the increasing use of resources (including energy consumption) is thus a global necessity. It is important to ensure purposeful and environmentally sustainable use of natural resources (including land) that takes account of specific regional features, and to make nature conservation increasingly more knowledge-based and integrate it with other areas in order to preserve natural values.

Access to fossil fuel sources has so far been an important component of the economic growth of countries, and the deployment and increasingly efficient use of these energy sources has enabled limits to growth to be expanded. As the reserves of fossil fuel sources continue to diminish, the competitiveness of a country is increasingly dependent on the ability of various sectors to save energy, R&D activities for the more efficient use of fossil fuel, transfer to the use of renewable energy through the deployment of new energy sources, technologies and solutions, as well as environmentally sustainable and efficient energy supply.

The role of urban areas in the transition to a low-carbon economy is described in sections 1.1.2.4 and 1.1.3.

Factors requiring intervention and factors enabling growth:

- 1) **The resource-efficiency of the economy is low** and economic development clearly results in increasing use of natural resources (including oil shale and mineral resources for the construction industry), waste generation and negative environmental impact. In 2010, Estonia's resource productivity was measured at 0.38 (EUR per kg²¹), while the EU average

²¹Of the quantity of material

was 1.64²². Increasing resource efficiency is one of the priorities of 'Estonia 2020'. A growing share of production should be based, first of all, on the use of raw materials, reduction of waste generation, and increased recovery, recycling and reuse of waste, rather than expanding the use of natural resources. Although waste recovery reached 55% in 2011,²³ recycling and reuse have not increased as much. As such, great efforts need to be made to reach the 2020 targets for recycling and recovery of household and construction waste. For this purpose, we need to develop a national collection network and management facilities for the recycling of biodegradable waste, together with promoting packaging waste collection system and the preparation of building waste for reuse.²⁴ In addition to meeting the needs of people and enterprises, the increased resource efficiency of the economy (incl. through eco-innovation) is also an important factor in climate change mitigation and adaptation. New business and employment opportunities should be created, a clean environment should be preserved and climate change should be fought through the development and introduction of green and low-carbon technologies.

- 2) **The preservation of a pure and natural and living environment** is increasingly an advantage for Estonia, as resource-efficient and environmentally friendly business is becoming one of the core competitive factors against the global backdrop of deteriorating environmental conditions. However, in 2010 Estonia's public spending on environmental protection accounted for 0.16% of GDP²⁵, ranking among the lowest indicators in the EU (around 23% of the EU average). The preservation and restoration of ecosystem services in general should continue to be prioritised.

Biodiversity as natural capital significantly affects the competitiveness of Estonia because it provides ecosystem services (e.g. pollination and water purification) necessary for economic activities, and decreasing biodiversity threatens the provision of such services. Ensuring the favourable conservation status of endangered species and habitats is also the objective of the EU Habitats Directive and Birds Directive. According to the EU Biodiversity Strategy, the status of 100% of habitat types and 50% of species must be favourable or improved by 2020 (in Estonia, the status of only 53% of species and 52% of habitat types was estimated to be favourable in 2013). To improve the status of species and habitats, the pan-European Natura 2000 network of protected areas needs to be managed significantly more efficiently (incl. restoration of habitats and sustainable infrastructure). Also, its coherence needs to be ensured, which, in turn, would contribute to improved quality of ecosystem services. The relevant needs are prioritised in line with the Prioritised Action Framework for Natura 2000 (PAF) that was drawn up on the basis of Nature Conservation Development Plan 2020 and submitted to the European Commission. According to the Nature Conservation Development Plan, the area of semi-natural biotic communities is to be increased to 45,000 ha by 2020 (27,000 ha of semi-natural biotic communities are maintained in the course of the implementation of ERDP 2007-2013)

The promotion of organic farming should continue, because organic farming gradually purifies soil and removes pesticide residues, which in turn improves the quality of water. Organic farming also has an important role in mitigating the consequences of climate change. The area under organic farming has been steadily increasing in recent years. While the total area under organic farming was 59,742 ha in 2005, the area under organic farming had increased to 144,149 ha by 2012. The environmentally friendly management of agricultural land is also important for the preservation of the natural environment. The area under environmentally friendly management has increased to more than 400,000 ha as a result of the implementation of ERDP2007-2013.

²²Eurostat

²³ Statistics Estonia

²⁴ The measures are proposed under the National Waste Management Plan 2014-2020 (<http://www.enviree/1189795>) and for their implementation the funds from the State Budget and environmental charges received by the Environmental Investment Centre are used.

²⁵Eurostat

Over 6000 hectares of Estonian wetlands are peat lands with a damaged water ecosystem and hydro-morphological water regime: they do not have any peat that is worth harvesting and no vegetation has spread to these yet either. Wetlands are an important part of a water ecosystem and have a direct impact on achieving a favourable conservation status of bodies of water. Without new plant cover these areas have high CO₂ emissions.

In addition, Estonia still has some disused hazardous sites of national importance and significant adverse environmental impact, which pollute groundwater and need to be cleaned up. It is therefore important to eliminate the sources of pollution and hazard on these sites to enable natural self-purification of groundwater. In order to prevent the costs of alternatives to the ecosystem services lost, protect groundwater resources, reduce urban sprawl and maintain the viability of rural areas, it is necessary to invest in a green network, incl. in the preservation of semi-natural habitats and the rehabilitation of contaminated sites (disused hazardous sites, incl. a category A waste facility and abandoned peat production areas) and water bodies (incl. addressing the significant pressure factors identified in water management plans). This will also provide new opportunities to create jobs and additional income through the deployment of new areas (especially in rural regions).

3) **It is in the interests of Estonia to reduce the burden of pollution in the Baltic Sea and to contribute to regional cooperation to protect the marine environment of the Baltic Sea**

because the Baltic Sea is relatively closed and has a low water exchange rate, which make it one of the most vulnerable seas. Agriculture has a major negative impact on the Baltic Sea due to the extensive use of pesticides and nitrogen and phosphorus compounds, which causes eutrophication, i.e. increased concentrations of nutrients in water. Eutrophication and pollution of the sea and inland bodies of water are caused by wastewater leaking from amortised sewer systems into surface water and groundwater and by pollutants leaching from areas with polluted soil. Despite the extensive investments made so far, Estonia remains unable to fully comply with the requirements that arise from the Water Framework Directive, the Drinking Water and Urban Wastewater Treatment Directives and the HELCOM Baltic Sea Action Plan and to provide residents with compliant drinking water and ensure the collection and treatment of wastewater. The whole territory of Estonia is characterised as a receiving body of water sensitive to pollution, and groundwater is unprotected or weakly protected in more than half of our territory. Therefore, it is necessary to ensure the compliance of water management infrastructure to requirements and invest in infrastructure development. The Baltic Sea is also threatened by water traffic, which is some of the most intensive in the world and is constantly growing due to the development of large Russian cargo ports. Therefore, we need to reduce the pollution that ships release into the sea. Efficient and fast monitoring and detection of marine pollution is of primary importance in effective marine pollution control and decontamination. Even after the investments made from 2007–2013, the respective capacity of Estonia is just 50% of what is critical to keep marine pollution under control and to reduce it effectively. Furthermore, options of collecting marine debris should be mapped and their feasibility under coastal and inland fisheries measures should be explored. If we want to reduce the pollution of water, agriculture must become more environmentally friendly. Spatial planning with respect to using the marine area and knowledge-based protection of the marine environment should to a greater extent be based on studies that discuss the impact of the various activities planned on the marine environment and the flora and fauna there, and such studies should be more effectively interlinked.

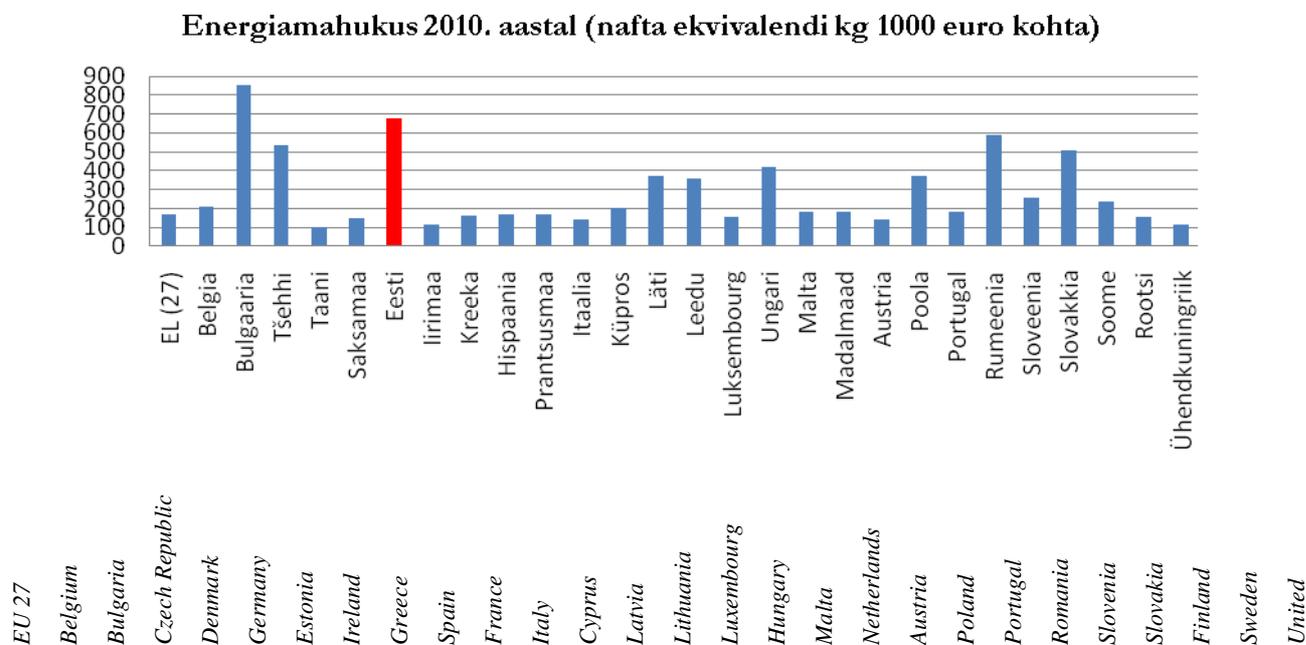
Interventions are necessary in order to achieve the 'Save the sea' sub-objective of the EU Strategy for the Baltic Sea Region and contribute to the 'Reducing nutrient inputs to the sea to acceptable levels' priority area of the strategy and to meeting the obligations of the Water Framework Directive and HELCOM. Investments should be made in accordance with the 'polluter pays' and 'user pays' principles, and the evaluation and implementation of projects should be based on cost-based pricing of water services, as this would ensure the efficiency of water management infrastructure and the sustainability of financing.

4) **The use of fish stocks to ensure maximum sustainable yields and ensuring favourable status of fish stocks** are prerequisites for a sustainable fisheries sector. This will allow for larger catches and more stable yields in the long term, while ensuring natural reproduction of

fish stocks. The use of fish stocks that are in good condition also reduces fishing expenditure and contributes to the capacity of fishers to invest in their enterprises. A large part of internationally regulated fish stocks (sprat, Baltic herring and cod) in the Baltic Sea had reached maximum sustainable yields by 2013, but some species (salmon and eel) are still at a low point and the stock status of many species (incl. perch and pikeperch) is bad. To ensure sustainable use of fish stocks, it is essential to use assessments of the status of fish stocks as input for knowledge-based and long-term plans for the use of fish stocks and to abide by these plans. Recovery of the stocks of highly migratory and semi-migratory fish is hindered by diminishing spawning grounds, which is the result of blocked migration routes. Thus, fish must be given opportunities to reach their spawning grounds in rivers important from the point of view of fishery, and spawning grounds need to be restored to expand the habitats of fish. To restore the stocks of endangered species of fish, it is necessary to continue the restocking of water bodies with young fish raised on fish farms, while considering the need to maintain genetic diversity in nature. To overcome the depression of fish stocks, selective fishing gear and methods also need to be developed, and discards should be prohibited with opportunities created to land unwanted by-catch and use it primarily for human consumption. To reduce unlawful fishing, adequate supervision should be ensured and people's awareness of sustainable fishing should be increased.

- 5) Healthy, diverse and functioning ecosystems are also needed for climate change mitigation and adaptation purposes, because climate change exacerbates the scarcity of fresh water and causes, among other things, floods and forest and ground fires. Adaptation to such effects and **prevention of climate risks** need a more systematic approach in Estonia. A large part of the state's infrastructure for meteorological and hydrological monitoring is technically obsolete or will reach the end of its useful life in the coming years. In order to prevent emergencies brought about by climate change, early warning systems need to be developed and the sustainability of meteorological and hydrological monitoring needs to be ensured. Fires (incl. forest fires) caused by natural phenomena are increasing, and due to the difficulties of extinguishing such fires and the damage caused to the environment and owners, it is important to improve the efficiency and capacity of our rescue equipment.
- 6) **The Estonian economy's energy intensity is one of the highest in the EU.** In 2010 Estonia ranked second in the EU in terms of this figure²⁶. This is partly due to its production structure, which includes largely energy-intensive sectors and industries (including resource-intensive subcontracting). Another important factor is the limited energy efficiency of sectors and buildings. During the period 2007–2013, investments were made mainly in the energy efficiency of apartment buildings and partly also in the promotion of the use of renewable energy. Given the high energy saving potential, it is expedient to continue to support the energy efficiency of housing. To increase energy efficiency, 'Estonia 2020' provides for the continued introduction of energy efficiency measures in small, medium-sized and large enterprises, including non-ETS enterprises, as well as for measures contributing to energy savings in the housing sector. Increasing energy efficiency is also an important element of the EU's climate policy and a key factor in reducing greenhouse gas emissions and their negative impact on the climate. It is also a Country-Specific Recommendation of the European Commission for 2012 and 2013.

²⁶Eurostat



Energy intensity in 2010 (kg of oil equivalent per 1000 EUR)

Figure 5. Energy intensity of Estonia's economy

Source: Eurostat

- 7) **To ensure the sustainability of the energy sector and continuous energy supply**, the share of no energy source in the energy balance should exceed 50%. Estonia's energy sector is among the most carbon-intensive in the EU, primarily due to the use of oil shale. In 2009 Estonia ranked second among EU Member States (CO₂ emissions per capita)²⁷. In 2012 around 90% of the electricity consumed was produced from oil shale,²⁸ while the total energy produced from renewable energy sources accounted for approximately 25.8% of final energy consumption.²⁹ Oil shale production has begun to increase in recent years, but such a large share of one fossil fuel source in the country's energy balance is unreasonable, considering energy security, the security of supply, environmental protection and energy market risks. **Diversification of the energy mix should include the expansion of co-generation of heat and power**, increasing the proportion of renewable energy sources, particularly in the transport sector and in energy production (including the development of biomass and waste-based energy), as well as the reconstruction of oil shale power plants to make them more efficient³⁰. To diversify the energy mix and ensure energy security, it is important to establish sufficient energy connections and conduct a critical review of back-up power. This requires, inter alia, research, development and deployment of new technology.
- 8) **With a view to alleviating the problems associated with the availability of fossil fuels, addressing the negative environmental impact of the energy sector** and creating new business opportunities, it is necessary to promote continued development of energy technologies (especially energy-saving solutions) and distributed energy production, because

²⁷Eurostat

²⁸Elering

²⁹ Ministry of Economic Affairs and Communications

³⁰ The oil shale energy industry will not be supported from EU funds.

the distribution of energy production and the diversity of energy carriers create opportunities for business, especially for enterprises in and residents of rural areas where the necessary energy resource is available on-site. Opportunities to generate offshore wind power should also be considered. The promotion of renewable energy is also emphasised in 'Estonia 2020' and the Country-Specific Recommendations of the European Commission for 2012 and 2013.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objectives associated with development needs:		
<ul style="list-style-type: none"> • supporting a shift towards a low-carbon economy in all sectors; • promoting climate change adaptation, risk prevention and management; • preserving and protecting the environment and promoting resource efficiency. 		
Europe 2020 headline target	Current situation	Target for 2020 in the 'Estonia 2020' National Reform Programme
3% of spending to be invested in R&D	2.37% of GDP in 2011 2.19% of GDP in 2012	3%
20% increase in energy efficiency (368 Mtoe of primary energy savings)	(Final energy consumption = 2.82 Mtoe in 2010)	(Final energy consumption = 2.82 Mtoe in 2020)
20% reduction in greenhouse gas emissions compared to 1990 ³¹	6% (2010 emissions compared to 2005)	+11 % (nationally binding target for non-ETS sectors compared to 2005)
20% of energy from renewables	25.9% in 2011 25,8% in 2012	25%
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%
<p>Country-Specific Recommendation No 3 of 2013: Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p> <p>Country-Specific Recommendation No 4 of 2013: Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the development of cross-border energy connections to diversify energy sources and promote competition in the energy market.</p> <p>Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against</p>		

³¹30% in the event of favourable conditions

devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.2.4. *Improvement of sustainable options for the connection and movement of people and goods*

Good local, national and international connections and movement options are essential for the competitiveness of Estonia. It is imperative to address the need of people to move between their homes and places of work and access public services (including by making better use of the untapped potential of non-motorised traffic) and the need of enterprises to transport goods. The internationalisation of value chains and the increasing competition for human and financial capital require movement inside Estonia as well as to and from Estonia to be fast, affordable and convenient. In addition, better transport and communication connections are very important in ensuring the more even availability of services and employment opportunities and to achieve better cohesion between functional regions,³² thereby creating additional preconditions for more balanced territorial development and contributing to the objectives of the EU Strategy for the Baltic Sea Region).

Factors requiring intervention and factors enabling growth:

- 1) Better connections are necessary for people and enterprises, and support changes in the structure of the economy.** Participation in global value chains unavoidably requires the existence of high-quality connections. During the period 2007–2013, investments were made in the infrastructure of road, railway, marine and air transport, improving connection possibilities and increasing the safety and reliability of the transport system. Most of the objectives set were attained, barring indicators on the use of public transport. While investments will also have to be made under the same priority axes in the period 2014–2020, the experience from the previous period suggests that besides the choice of investment objects, more attention should be paid to the specific solutions to meet the need in an optimal way and allow for sustainable use in the future.

Building on the successful activities carried out from 2007–2013, a lot remains to be done regarding air connections, mainland connections and interfaces between transport modes, considering, among other things, changes in international travel and trade routes. For example, different studies indicate that the impact of flight connections on GDP growth can range from 4-7%³³. Further improvement in transport connections requires close cooperation with all of our neighbours – among other things, on border-crossing issues with Russia, on issues relating to the Rail Baltica fast rail link with Latvia, Lithuania, Poland and Finland and on issues concerning possible train/ferry traffic with Finland. In the development of transport infrastructure, the focus must be on improved traffic safety and shorter and more reliable connections (incl. border crossings between Estonia and Russia). This way, enterprises can have better access to important markets (incl. beyond EU borders) and people can move more freely. For the same reason and in view of the regional aspect, it is also necessary to make more investments in marine transport connections (especially between islands and the mainland), thus indirectly contributing to the blue growth objectives. With a view to improving the competitiveness of passenger train traffic, it is necessary to continuously reduce connection times in order to improve national and international connections and thereby increase competitiveness. The investment needs of Tallinn Airport pertain mostly to safety and environmental issues, in particular reducing the negative environmental impact of air transport in and around Tallinn, as well as improving the flexibility of air traffic management and the reliability of air transport ensuring Estonia's accessibility. The latter is crucial, considering the distance of Estonia from most of Europe. Since investments are substantial, the

³²Territories within which there is active everyday movement between home, work and places where services are used. They are usually measured on the basis of the intensity of work-related commuting between the centre and the hinterland.

³³Estonian Air, Annual Report 2011 (http://estonian-air.ee/public/Annual_Reports/Annual_Report_2011.pdf)

needs of transportation and other sectors should be given more consideration, the cumulative impact of the operations should be increased, the possibility of phased construction should be taken into account and funding sources should be combined in the planning process. When covering investment needs, account must be taken of the impact on the competition policy, *inter alia* by avoiding anti-competitive investments in ports and airports operating on competitive markets. Investment should follow an integrated approach in order to meet the need to develop the transport system, ICT infrastructure, the economy and the living environment, as well as regional development needs (a more detailed overview of regional development needs is given in section 1.1.3). Promoting cross-border connections is also needed so as to act on the Country-Specific Recommendations of the European Commission for 2013. The share of Intelligent Transport Systems (ITS) should be increased in order to use the infrastructure and provide transport services more efficiently as well as to ensure greater safety.

- 2) Declining use of public transport.** Funds allocated for the development of public transport in the period 2007–2013 were invested in raising speed and increasing comfort, but the use of public transport has nevertheless continued to decline. According to Estonian labour force surveys, the use of public transport in commuting has decreased every year, but this decline came to a halt in 2012. The percentage of employed people who used public transport to commute was 23% in 2012, compared to 28% in 2006 and 31% in 2001³⁴. The investments made during the period 2007–2013 in both the rolling stock and infrastructure of public transport will begin to have an impact on this indicator in the coming years. The objective set for the period 2007–2013 of increasing the use of public transport has not been met. Instead, the downward trend was curbed, and substantial investments are still needed to achieve a growth trend in this area. The level of the service offered varies from region to region, while inadequate connections with regional centres lead to the increased use of private transport (which, in turn, increases the intensity of traffic and the impact of bottlenecks on traffic) and provide additional impetus for the concentration of population in larger centres. The negative effects of the declining use of public transport mainly manifest themselves in urban areas. This means that cooperation between the state, county and local governments in the organisation of public transport must be improved in order to reduce the need for transport and to ensure the best possible use of existing infrastructure. In addition, so-called integrated and smart solutions should be developed in order to achieve better links between different modes of transport (promotion of multimodality), thereby improving user comfort, reducing time spent travelling etc. In areas where the use of traditional bus connections is not feasible, smart solutions need to be introduced to provide people with movement options, (e.g. 'on-demand' buses). For all solutions, the use of ITS is considered (e.g. real-time information systems at railway stations). Where possible, sustainable (and renewable energy-based) solutions should be preferred in the development of public transportation options. Links between transport connections and plans should be improved. More active use of public space should be promoted in cities, *inter alia* by better integrating it with the transportation system (for the specific needs of cities, see section 1.1.3). This has so far been underestimated in attempts to increase the attractiveness of public transport.
- 3) The significant environmental impact of transport,** limited natural resources and the growing importance of nature conservation suggest that there is an urgent need to reduce resource demand (including the need for natural construction materials) and the negative impact of transportation projects on the living environment (particularly in urban areas), including through innovative methods. In 2010, the energy consumption of the transport sector accounted for 24% of final energy consumption and the consumption of energy has grown steadily in the transport sector in Estonia³⁵. The energy consumption of transport, especially passenger car use, and energy-saving opportunities are not yet sufficiently acknowledged in Estonia despite their significance and the rapid growth in the consumption of

³⁴Statistics Estonia

³⁵Commission for Sustainable Development, Sustainable Transport Report 2010

fuel. Transportation accounts for 12% of greenhouse gas emissions in Estonia, with 94% of emissions originating from road transport³⁶ and the rest of the emissions primarily affecting the environment in urban areas. Emissions have rapidly increased over the past decade due to the increase in the number and mileage of passenger cars. For example, from 1999–2008 emissions increased by nearly 40%.³⁷ Since transport is one of the four areas with the biggest energy saving potential, measures should be taken to significantly reduce the energy intensity and consumption of various modes of transport. There is a need to increase the share of renewable energy and the deployment of sustainable alternatives in order to achieve, among other things, the objective of increasing the share of renewable energy in transport fuels as specified in the Estonian National Renewable Energy Action Plan 2020. The focus on increasing the energy efficiency of the transport sector and promoting renewable energy is in line with Country-Specific Recommendation No. 4 of the European Commission for 2012 and 2013 which calls for an increase in energy savings in transportation. The use of ITS helps to provide more efficient transport services, thereby mitigating negative environmental impacts.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objectives associated with development needs:

- **strengthening research, technological development and innovation;**
- **promoting sustainable transport and removing bottlenecks in key network infrastructures.**

Europe 2020 headline target	Current situation	Target for 2020 in the 'Estonia 2020' National Reform Programme
3% of spending to be invested in R&D	2.37% of GDP in 2011 2.19% of GDP in 2012	3%
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%
20% of energy from renewables	25.9% in 2011 25,8% in 2012	25%
20% increase in energy efficiency (368 Mtoe of primary energy savings)	(Final energy consumption = 2.82 Mtoe in 2010)	(Final energy consumption = 2.82 Mtoe in 2020)
20% reduction in greenhouse gas emissions compared to 1990 ³⁸	+6% (2010 emissions compared to 2005) <i>Based on current policies, this could reach +12% in 2020, compared to 2005</i>	+11% (nationally binding target for non-ETS sectors compared to 2005)

Country-Specific Recommendation No 1 of 2013: Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the medium-term budgetary

³⁶Commission for Sustainable Development, Sustainable Transport Report 2010

³⁷Commission for Sustainable Development, Sustainable Transport Report 2010

³⁸30% in the event of favourable conditions

objective over the programme horizon. Complement the planned budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue enhancing the efficiency of public spending.

Country-Specific Recommendation No 4 of 2013: Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the development of cross-border energy connections to diversify energy sources and promote competition in the energy market.

Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.2.5. *Increase in employment, better social cohesion and adapting the education system to the needs of society*

Due to the ageing population and the decreasing number of the working-age population, we will need increasingly higher employment in the future to maintain economic growth and ensure the sustainability of our social systems. The decline in the working-age population (ageing, low birth rate and emigration) is the most significant demographic factor on the labour market of Estonia due to the small size of the country; the diminishing proportion of children and young people in the population poses a considerable challenge. Since 2005, the number of people entering the Estonian labour market has been lower than the number of those potentially dropping out of the labour market (see Figure 6),³⁹ which implies that the burden of the working population in supporting the non-working population is increasing.

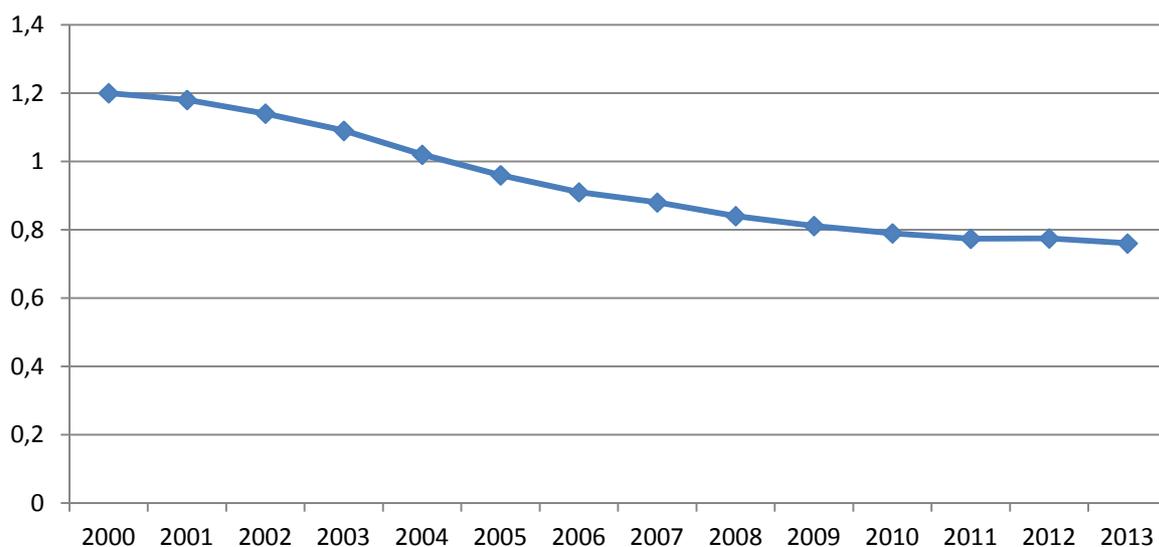


Figure 6. Demographic labour market pressure index

Source: Statistics Estonia, 2013

In 2010 the age dependency ratio, i.e. the ratio of people aged 65 and older to working-age people (15–64 years), was 25.5%, i.e. there were 25.5 people aged 65 and older per 100 people aged 15–64 years, and this figure has grown steadily. Even if an optimistic forecast should materialise, this figure would

³⁹Demographic labour pressure index – the ratio of the number of young people (5–14 years old) entering the labour market in the coming decade to the number of those dropping out of the labour market due to old age (55–64 years old). If the index is greater than one, more people will enter the labour market in the next decade than potentially drop out due to old age. Statistics Estonia

be 32.6 in 2030 and 36.9 in 2050 in Estonia, i.e. 1.4 times higher than now⁴⁰. It is estimated that in 2050 the most numerous age groups will be those of 60–64, 65–69 and 55–59⁴¹.

To ensure higher employment, it is essential to deal with the following problems, factors requiring intervention and factors enabling growth:

- 1) Increased poverty risk and inequality, aggravated by the highest unemployment rate in Estonia's recent history (2010).** Unemployment figures were considerably above the EU average during the crisis but are now close to the EU average. The main risk groups include the long-term unemployed, young people, older people, disabled people and non-Estonians⁴². Also, social cohesion indicators are considerably lower in Estonia than in Northern and Western Europe. Social inequality is evident from the different income levels of social groups (e.g. disabled people, the elderly and ethnic and sexual minorities), their access to other resources and limited involvement in community life. The latest comparable data⁴³ indicate that in 2011 the relative poverty rate of the unemployed (aged 16–64) was higher in Estonia (55.5%) than the EU average (47.2%)⁴⁴. The economic crisis contributed to an increase in the number of long-term unemployed, and this has significantly worsened the ability of the household members of the unemployed to cope. The composition of a household is a significant poverty risk factor. Households with fewer working-age people and more dependants are more susceptible to poverty. According to the relative poverty data of Statistics Estonia for 2012, people living alone and pension-age people are at higher risk of poverty, whereas women are at significantly greater risk of poverty than men.
- 2) Child poverty is a problem.** 18.1% of people under the age of 18 lived in relative poverty and 9.5% in absolute poverty in 2012. According to the data of Statistics Estonia, single-parent families are at greater risk of poverty among households with children: 40.8% of such families lived in relative poverty and 23.4% in absolute poverty in 2012. Poverty risk is also determined by the number of children. Couples with one child or two children live in relative poverty in around 13–13.1% of cases and in absolute poverty in 5.3–6.9% of cases, but the respective indicators for families with three or more children are 18.6% and 9.6%.
- 3) High proportion of long-term unemployed.** The number of long-term unemployed people, which increased during the recession, has now started to decrease but remains high. The total number of long-term unemployed fell from 49,000 to 38,000 in 2011 and 2012, and the long-term unemployment rate from 7.1% to 5.5%. Unlike earlier years, the number of long-term unemployed people decreased more quickly than that of the short-term unemployed. Despite this rapid decrease, more than half (54%) of all unemployed people are long-term unemployed, and the number of very long-term unemployed (who have been looking for work for more than two years) comes to 23,600. Very long-term unemployment is a problem, as it is the rate that decreases the most slowly, and it already accounts for 34.5% of the unemployed. A high and steady rate of long-term unemployment indicates that unemployment has become structural. The long-term unemployed include more men (21,200) than women (17,000). The long-term unemployment rate of men has always been higher than that of women (6.1% and 4.9%, respectively, in 2012) because men usually work in sectors that are more sensitive to economic cycles.

⁴⁰Puur, A., Põldma, A. (2010).Rahvastiku vananemine demograafilises vaates /Ageing of population in a demographic perspective/.Sotsiaaltrendid 5 /Social Trends 5/.Statistics Estonia, Tallinn, pp 6–29

⁴¹Leetmaa, R., Vörk, A., Kallaste, E. (2004).Vanemaeline tööjõud tööturul ja tödelus /Elderly workforce on the labour market and in working life/.PRAXIS Working Papers, No 19/2004. PRAXIS Centre for Policy Studies, Tallinn.Luuk, M. (2009).Eakate taandumine tööturult /Withdrawal of the elderly from the labour market/.Quarterly Bulletin No 1/2009 of Statistics Estonia, pp 8–21

⁴²Non-Estonians are considered to be residents of Estonia of immigrant backgrounds who are subdivided into two categories: firstly, permanent residents of immigrant backgrounds who have resided in Estonia for more than five years and either do not have Estonian citizenship or do not speak Estonian as their mother tongue and use Russian as the main medium of communication.The second group comprises the newly arrived - legally immigrated foreign nationals who have resided in Estonia for less than five years.

⁴³EU-SILC survey 2010, data on 2009

⁴⁴Eurostat

- 4) **The regional breakdown of unemployment is very uneven**, and the unemployment rate in counties may differ more than two-fold. Over the years, unemployment has been higher in Ida-Viru County and the south-eastern counties. The unemployment rate in Ida-Viru County reached 17.5% in 2012. It also exceeded 10% in western and south-eastern counties: Hiiu, Lääne, Pärnu, Jõgeva, Põlva and Valga.⁴⁵
- 5) **More than half of the long-term unemployed are non-Estonians**. Their long-term unemployment rate (9.4%) exceeds that of Estonians (3.7%) more than 2.5 times. The unemployment rate of non-Estonians remains high because of Ida-Viru County, which is an industrial region with a mostly Russian-speaking population and the highest unemployment rate over time. This is because of the low level of Estonian-language skills among non-Estonians, and their social inclusion, entrepreneurship and mobility are low. As such, their search for work usually lasts considerably longer. In 2012, the unemployment rate of Estonians was 7.8% and that of non-Estonians was 15.3%. In Ida-Viru County, the long-term unemployment rate reached as much as 11.3%, and the share of the long-term unemployed among all unemployed people was 68%. Although the unemployment rate of non-Estonians is high, it decreased more quickly than that of Estonians in 2012, compared to 2011⁴⁶. The labour market in Estonia is characterised by segregation of natives and people of non-Estonian background, both horizontally (by sector) and vertically (by job). According to Statistics Estonia, people of non-Estonian background are overrepresented among low-paid employees and underrepresented among well-paid employees. This may be the result of 'entry barriers' that do not let them obtain well-paid jobs. One success factor for people of non-Estonian background on the labour market is their knowledge of the official language. However, a good command of Estonian is an advantage for non-Estonians when competing with other non-Estonians, not with Estonians, i.e. it does not ensure equal competition with Estonians⁴⁷.
- 6) **Non-Estonians are also more passive in terms of participating in society**. This is mostly due to lack in language capacity. Around 100,000 Estonian citizens speak Estonian as a foreign language. According to the census data of 2011,⁴⁸ almost 15% of the population speak Estonian as a foreign language and 17% do not speak it at all. In all counties, people aged 50 and older account for around 60% of those who do not speak Estonian at all. In Ida-Viru and Harju counties, where the absolute numbers of people who do not speak Estonian are highest, the proportion of people aged 50 and older among such people is just below 60%; the less there are of those who do not speak Estonian in a county, the larger the share of older people among such people. Although according to the self-assessment of the non-natives who speak Estonian their skills in the language have improved over the years, almost 35% of non-Estonians do not have an adequate command of the official language⁴⁹. People who do not speak the official language or do not participate in democratic decision-making processes represent a challenge to any country. While the social and civic activity of people who speak Estonian as a foreign language varies depending on their level of language proficiency, people who do not speak or have little knowledge of Estonian are generally much less active (on the labour market, in lifelong learning, NGOs, culture etc.) than those who do speak the language⁵⁰, and this creates a sense of exclusion. Non-Estonians are not as aware of the processes in society and tend to place more trust in the information they receive from their neighbours than from the institutions in Estonia. Language skills provide equal opportunities to achieve many objectives: to increase the employment rate, to improve people's ability to cope, to ensure that people are informed, to boost active participation in civil society etc. These, in turn, contribute to

⁴⁵Ministry of Social Affairs series *Sotsiaalministeeriumi toimetised* No 2/2013, Töövaldkonna areng 2012 /Employment developments 2012/

⁴⁶Ministry of Social Affairs series *Sotsiaalministeeriumi toimetised* No 2/2013, Töövaldkonna areng 2012 /Employment developments 2012/

⁴⁷Conclusions of the Tallinn University Institute of International and Social Studies and the Institute of Baltic Studies survey of equal treatment on the labour market, 2013

⁴⁸Statistics Estonia

⁴⁹Estonian Human Development Report 2011

⁵⁰Lõimumisvaldkonna sotsiaalsete gruppide uuring /Study of Social Groups in Integration/, 2013

improved safety, security, social cohesion and tolerance. Newly arrived immigrants are of the opinion that knowledge of Estonian is the most important factor for them in coping in Estonia. They are therefore usually very motivated to learn the language. Despite such high motivation, the rate of dropping out of adult language courses is estimated to be as high as 30%⁵¹. Work-related circumstances are given as the main reason for leaving Estonian language courses. According to immigrants, the organisation of language studies is complicated in Estonia. For example, the websites of state authorities provide no adequate information on language classes, officials are not prepared to provide the information, there are long waiting lists, few free classes are offered, there are no places in classes and Estonian is mainly taught on the basis of Russian. Due to its ethnic composition, Ida-Viru County – where Estonians make up around 20% of the population, with the remainder consisting of other nationalities – is somewhat different from other regions for its specific problems.

- 7) Inactive people may also be considered to be a potential labour reserve.** In 2012 there were 329,300 people aged 15–74 who were inactive from the point of view of the labour market. The reasons for not working depend a lot on the gender and age of the person. The main reason for inactivity of working-age people (16 through to retirement age) is studying (42%). Among people aged 15–24, as much as 85% are inactive due to studying, with no differences being observed between genders. The number of people who are older than 25 and continuing their studies has increased, thus allowing us to conclude that they are doing so because they have not found work. In the 25–49 age group, gender-specific reasons for inactivity can be observed. While the main reason for inactivity among women in this age group is maternity leave or parental leave (59%), among men the main reason for inactivity is illness or injury (47%). People aged 50 and over are mostly inactive due to health problems, irrespective of gender. The total number of people between 16 and retirement age who were not on the labour market due to illness, injury or disability was around 43,000 (22% of inactive people), which was 1700 more than in 2011. There are many inactive people who would like to work and would be ready to start work within a fortnight but are actually not looking for work. As they are not looking for work, they are not included among the unemployed. In 2012, the number of such inactive potential employees reached 40,500. They include pensioners, students, people who do not participate in the labour market because of health problems and people who have to take care of their children or other family members. This group also includes so-called discouraged people – inactive people who would like to work and would be willing to take up employment immediately, but who are not actively looking for a job because they have lost hope of finding one. There were 7400 discouraged people in 2012, i.e. 2600 fewer than in 2011⁵². There were slightly more men (56%) and Estonians (63%) among the discouraged in 2012. In 2012, 55% of the discouraged lived in rural areas, mostly in southern Estonia (40%). As to age groups, the discouraged are dominated by older people. In 2012, the 50–75, 25–49 and 15–24 age groups represented 57%, 34% and 9% of the discouraged, respectively. The opportunities of the discouraged to find a job are complicated because a large proportion (58%) of them lacks professional, occupational or professional education. In 2012, one of the most common (44%) sources of income of the discouraged was income of a spouse, parents or other relatives/friends, and a substantial proportion of the discouraged lived on the old-age pension (21%) or other benefits, such as social assistance and subsistence benefits (17%). 50% of the discouraged claim to have significant coping problems; 37% claim that these are moderate. In recent years the discouraged have mostly been unskilled workers (23%), equipment or machinery operators and assemblers (20%) or service and sales workers (18%). 10% of the discouraged have never been employed⁵³.

⁵¹Rannut, Ü., Uusimmigrantide keeleõppe motivatsioonist ja õpetamise metoodikast /New immigrants' language learning motivation and teaching methodology/, 2012

⁵²Ministry of Social Affairs series *Sotsiaalministeeriumi toimetised* No 2/2013, Töövaldkonna areng 2012 /Employment developments 2012/

⁵³Statistics Estonia, Estonian Labour Force Survey

8) Young people are a large risk group on the labour market. The youth (15–24) unemployment rate, which continues to be higher than the average, is a problem in practically all EU Member States – whereas in 2012 the youth unemployment rate was 22.8% in the EU, the overall unemployment rate was two times lower: 10.5%⁵⁴. In Estonia, the youth unemployment rate was 20.9% in 2012 (the average unemployment rate being 10.2%)⁵⁵. The high youth unemployment rate is due to low levels of education and dropping out of school. Inadequate preparation for the labour market manifests itself in the largest percentage of the unemployed in the 20–24 age group⁵⁶. This is predominantly due to the fact that young people take up employment immediately after graduating from a lower or upper secondary school without acquiring professional qualifications, which places them in an unfavourable position on the labour market. Early school-leavers are more likely to be unemployed and live at risk of poverty during the subsequent periods of their lives. Thus, success on the labour market depends on the quality of young people's studies and the education they acquire. Young people's more difficult situation on the labour market is also reflected by the fact that young people who were not in education, employment or training (NEETs) accounted for 15.3% of the 15–29 age group and 12.5% of the 15–24 age group in 2012. Also, young people who have committed offences find it more difficult to participate in the labour market. The number of juvenile misdemeanours is declining, but juvenile offenders (aged 15–19) still represent 13% of the age group of minors. High youth unemployment is a major social risk factor in the long run. This may lead to the exclusion of this age group from the labour market and society as a whole.

Although the situation has improved based on poverty indicators, the economic situation has a considerable effect on children's and young people's opportunities for versatile development⁵⁷. The social exclusion of children and young people leads to profound and long-term damage to their development opportunities, including opportunities for economic inclusion and health⁵⁸. The number of young people (and the percentage of youth living in relative poverty) who, for various reasons, cannot use the opportunities offered by youth work (hobby education, youth centres and youth organisations) is increasing. Young people who have more serious problems are not actively involved in youth work – members of Juvenile Committees estimated that 9% of the sample was engaged in sports and 3% attended other hobby clubs or youth centres. The results of a survey conducted in 2011 reveal that only 16% of the parents participating in the survey are able to finance the desired hobby pursuits of their children. A quarter of the parents are only able to cater to their children's wishes to some extent and a little less than a tenth of parents are unable to support their children's participation in paid activities⁵⁹. Since the parents responding to the survey are more highly educated than average (compared to the proportions of parents of up to 18-year-old children in the census of 2011, the respondents included significantly fewer people with lower secondary education, significantly more people with vocational education and slightly more people with higher education) and also better paid than average, it must be concluded that the results probably fail to reflect a substantial proportion of children who are unable to participate in non-formal education for economic reasons. Non-participation in youth work means, however, that the children do not acquire the knowledge and skills necessary for life and personal development outside of school. Non-formal learning within youth work makes a considerable contribution to young people's ability to cope and successfully participate in the education and/or labour market as well as their acquisition of necessary social competence.

⁵⁴Eurostat

⁵⁵Statistics Estonia

⁵⁶Statistics Estonia, Estonian Labour Force Survey

⁵⁷In the overview of child well-being in rich countries, Estonia ranks 23rd among the 29 countries, and children's behaviour and risks place us as low as 26th. *Child well-being in rich countries. A comparative overview*. United Nations Children's Fund (UNICEF), April 2013

⁵⁸Youth Social Exclusion and Lessons from Youth Work Education, Audiovisual and Culture Executive Agency (EACEA) 2013

⁵⁹Karu, M., Turk, P., Noorsootöö lapsevanemate perspektiivist /Youth work from the perspective of parents/, 2012

- 9) **Seniors are a risk group, but also represent potential on the labour market, considering the shrinking population.** Older people (55–64 years of age) are considered to be a risk group on the labour market because, should they lose their jobs, it is much more difficult for them to find new ones than it is for younger job-seekers. In 2012, the number of unemployed older people was 7600, i.e. almost half that of unemployed young people. Compared to 2011, the unemployment rate of older people fell from 11.6% to 7% in 2012. By the end of 2012, the unemployment rate of older people fell further, to 6%, which is considerably lower than the overall unemployment rate. As the employment rate increased at the same time and inactivity did not, it can be concluded that the situation of older people improved on the labour market. Increases in the employment rate of older people can also be expected in future because the retirement age will increase and many people will continue to work after reaching retirement age. According to the labour force survey, the number of employees who have reached retirement age has increased over the years and already reached 41,000 (64% of them women) in 2012. Given the general trend of decline in and the ageing of the working-age population, it is vital to increase employment among older people. In view of the changes in the demographic labour market pressure index in recent years, increasing the employment rate of older people is crucial in ensuring the sustainability of social systems. The state has decided to raise the retirement age to increase the employment rate of older people: the retirement age will increase by three months each year (starting from 2017). As the obligation to work will be longer, the total number of people aged 55–64 who need to adapt to the changing needs of the labour market will increase as well. Thus, pressure to acquire new skills and for employers to provide flexible working conditions will increase. Compared to 2011, it can be noted that the relative poverty rate has increased, particularly among older people. In 2012 there were 24.4% of people aged 65 or more who lived in relative poverty; in 2011, the indicator was 17.2%. Relative poverty has increased due to growing inequality in people's incomes. 2% of older people lived in absolute poverty⁶⁰. The proportion of pensioners in the population is increasing, but their incomes are low: in 2012, the average monthly pension was 276.60 € and the average monthly retirement pension was 312.90 €⁶¹. Therefore, the challenge is to develop services accessible to pensioners.
- 10) Given the decline in the working-age population, the ageing of the population and the increase in the proportion of incapacity pensioners (including disabled people) in society, it is important to **promote the employment of people with health problems and improve the working conditions of employed people.** The number of people receiving a pension for incapacity for work had risen from 71,000 in 2008 to more than 98,000 at the beginning of 2013. The Labour Force Survey carried out by Statistics Estonia in 2011 revealed that approximately two-thirds of incapacity pensioners did not work. The working-age population is decreasing, and if the current scheme continues, the number of people receiving a pension for incapacity for work will reach around 116,000 by 2020. Incapacity for work is currently determined on the basis of the medical condition, not the person's actual ability to work. Passive determination of permanent incapacity for work results in rocketing numbers of incapacity pensioners, and the number of people who leave the scheme is very low. Today, the measures supporting employment are not accessible to this target group; as a result, incapacity pensioners rarely participate in active labour market measures. According to the Labour Force Survey of 2009, musculoskeletal disorders account for 43% of all health problems and 70% of all work-related health problems. In 2012, musculoskeletal disorders represented 68% of occupational diseases and 53% of all work-related illnesses. The Labour Force Survey of 2011 describes the health effects of working conditions: during the previous 12 months, 6.3% of employed people had had work-related health problems; musculoskeletal disorders accounted for 53.3% of all long-term illnesses.
- 11) **Increasing number of disabled people and their inadequate integration in society.** The continuing rise in the number of disabled people is becoming a serious problem – every 10th

⁶⁰Statistics Estonia <http://www.stat.ee/65387>

⁶¹Statistics Estonia

Estonian citizen has a disability. There were approximately 138,000 disabled people in Estonia at the beginning of 2013⁶². The increase in the number of disabled people is the result of longer life expectancy, medical progress in diagnosis, increased awareness of opportunities to receive social benefits etc. The number of people with mental health problems is increasing as well. Disabled people are often faced with hindrances in their daily lives; for example, in accessing social or other services or finding accommodation that suits their needs. Access means both physical accessibility (e.g. access to buildings or public transport) and other accessibility (e.g. whether visually impaired people can use the e-environment, whether mentally disabled people can understand it or whether there is information on a service on the Internet).

12) Growing burden of care. The Estonian Labour Force Survey carried out by Statistics Estonia revealed that in 2012 the number of residents aged 15–74 who were inactive because of a need to care for children or other family members was 14,900 (12,400 women and 2500 men).

Disabled or simply elderly people (the number of whom is increasing, as people are living longer nowadays) often need assistance or care to one degree or another. Thus, a significant proportion of working-age people are not on the labour market or are underemployed or only partially employed because they are caring for relatives. According to the survey of disabled people and the care burden of their families conducted by the Ministry of Social Affairs in 2009, 51,951 people were being cared for in families. Caregivers have had to make changes in their employment or education in order to assist or care for their disabled family members. 6% of carers for people with disabilities have had to give up work entirely and 75% have reduced their workload⁶³.

Due to the limited supply and availability (including affordability) of children's day care services, it is primarily women who have a substantial burden of care and fewer opportunities to equally participate in the labour market. The employment gap between mothers with young children (aged 0-6) and women without children (24.9 percentage points in 2012) indicates that in the case of women the main reason for not participating in employment is the need to care for young children. There is also a significant employment gap between men and women with young children, which reached 37.7 percentage points in 2012 among men and women aged 20–49⁶⁴. In 2010, 24.1% of women with children under the age of 8 quit work for at least one month (other than parental leave) to care for their child(ren). As for men with (a) child(ren) under 8, only 1.7% decided to quit work for the same reason⁶⁵. The obligation to ensure that all children aged 1.5–7 have the opportunity to attend a childcare establishment in their service area lies with the local government. In January 2012, around 5900 children (most of them younger than 3 years of age) were waiting for a place in a nursery school in Estonia: 2000 in cities and 3800 in rural municipalities (mainly those surrounding larger cities). Over 20 children were on the waiting list in 25 municipalities. In 2009, there were 29 such municipalities. Problems with waiting lists most greatly affect the rural municipalities of Northern Estonia (those near cities) and the larger cities of Southern Estonia. Previous studies have shown that for many years around 33% of local governments have been unable to meet the requirement to provide all children with a place in day care. Also, the current system offering preschool education (i.e. nursery schools) in Estonia is not sufficiently flexible (opening hours etc.), versatile (different sizes of groups, methodology etc.) or accessible (incl. regional variations) to meet the needs of parents and children in a changing society. A mobile labour market and people's work schedules necessitate greater flexibility, but municipal nursery schools provide the service rigidly, based on the territories of municipalities and at certain times of the day; it is difficult to obtain the service in another municipality or outside of traditional working hours.

⁶²Ministry of Social Affairs

⁶³Soo, K. Linno. T. (2009). Puuetega inimeste ja nende pereliikmete hoolduskoormuse uuring 2009 /Survey of disabled people and the care burden of their family members, 2009/. Saar Poll OÜ, Centre for Applied Social Sciences of the University of Tartu, Ministry of Social Affairs/ European Social Fund

⁶⁴Statistics Estonia, data from the Estonian Labour Force Survey

⁶⁵Statistics Estonia

The development and offering of flexible forms of employment matching people's preferences and needs has so far been limited in Estonia. The rest of the world is increasingly moving towards individual and diverse working arrangements, and similar developments would help make the working and living environment more attractive to both Estonians and potential foreign specialists.

13) The low level of education acquired is a significant factor that affects employment and the poverty risk. People with a low level of education have several times fewer opportunities to find work, especially during recessions. In 2012, the unemployment rate of people with lower secondary education was 23.5%, that of people with vocational or higher secondary education was 10.5% and the respective indicator of people with secondary specialised education or higher education was 6.1%. More than half of unemployed people with higher education were non-Estonians. The unemployment rate of Estonians with higher education was 3.9%, but that of non-Estonians with higher education was 11.3%. People's level of education has a significant impact on their poverty risk. Every third person with lower secondary education or a lower level of education was in the quintile of people with the lowest income; only every 14th such person was in the quintile with the highest income. However, as much as a third of people with higher education belonged to the quintile with the highest income. Thus, the risk of relative and absolute poverty of people with higher education (10.9% and 3.3%, respectively) is well below half that of people with lower secondary or lower education (28.1% and 9.3%, respectively). A higher level of education is an important prerequisite for avoiding poverty⁶⁶.

14) A third of working-age people in Estonia have no professional training,⁶⁷ and this considerably affects their competitiveness on the labour market. Around a third of working-age people in Estonia have no comprehensive professional qualification, i.e. after acquiring lower secondary education or general higher secondary education they did not continue their studies to acquire vocational or higher education or they dropped out of these schools. Among young people, the high proportion of those without professional training results from discontinuation of studies after acquiring lower secondary or general higher secondary education, the preference for general secondary education over vocational training and the large number of drop-outs. Compared to other EU Member States, a relatively small percentage of lower secondary school graduates in Estonia continue on to study in vocational education⁶⁸. According to the census of 2011, 18% of the 20–29 age group only have lower secondary education and 29% only have general higher secondary education. Of upper secondary school graduates, 29.8% do not continue their studies,⁶⁹ and the dropout rate of vocational education institutions admitting upper secondary school graduates is around 21%–22%. The adoption of the new Vocational Educational Institutions Act and the Vocational Education Standard in 2013 has launched the vocational education reform that should make studies more practical and improve their quality.

15) The high number of early school-leavers is a challenge at all levels of education. The EU has set the objective of reducing the school drop-out rate in the 18-24 age group to less than 10% by 2020. In Estonia the percentage of early school-leavers was 10.5% in 2012; it has fluctuated between 13% and 15% in the last decade. Drop-out rates are significantly higher in vocational education and higher education than in general secondary education. This also contributes to an increase in the proportion of unskilled labour on the labour market. The average drop-out rate has been increasing in vocational education since the 2008/2009 academic year, reaching 19.5% in the 2010/2011 academic year⁷⁰. Those who drop out are

⁶⁶Statistics Estonia <http://www.stat.ee/65387>

⁶⁷Statistics Estonia

⁶⁸'Estonia 2020' National Reform Programme

⁶⁹Not attending any educational institution in Estonia in the autumn of the same year. Estonian Education Information System, 2013 data

⁷⁰Ministry of Education and Research. In vocational education, a drop-out is a person who, before leaving school, was included in the list of students of the school for at least 31 days. Drop-outs do not include those who were reinstated or continued

given opportunities to continue their studies in part-time form and in vocational education; unfortunately, many people who start studying again cannot complete their studies due to inadequate support. These are signs that the process of learning and the learning environment do not adequately support the development of all students according to their abilities.

Compared to other EU Member States, a relatively small percentage of lower secondary school graduates in Estonia continue on to study in vocational education (28.6% in 2012)⁷¹. 4% of them do not continue their studies. The main reasons for leaving school are wrong specialty choices and insufficient knowledge of the world of work – students are not well enough informed about learning opportunities⁷². Inappropriate choices of specialty may also result from gender stereotyping in society. Mismatches between requirements and capabilities can also pose problems, as can economic reasons. According to the data of Eurostat for 2012, 12.5% of people aged 15–24 and 19.8% of people aged 25–29 participated in neither education nor the labour market in Estonia. So, youth need special support to continue formal or vocational studies and in making choices on their journey towards working life. A survey of the system of career services draws attention to the shortage of providers of career services and the poor accessibility of the services as the biggest problems. Career services (career information, guidance and education) are guaranteed for just one year of pupils in lower secondary, higher secondary and vocational schools.

16) One of the significant problems of the Estonian economy is structural unemployment, which means that the labour market is characterised by both a lack of work and a shortage of labour. According to the data of the OECD, the trend of the rate of structural unemployment (non-accelerating inflation rate of unemployment – NAIRU) is upward and rose from the pre-crisis level of 9% to 11% by 2011. While unemployment reached 10.2% in 2012,⁷³ Estonia was and still is in need of skilled mid-level specialists, skilled labour, engineers and managers. A problem is that people work in positions that are below the level of the knowledge and skills learned by them⁷⁴ and that studies are insufficiently linked to labour market needs. In the IMD World Competitiveness Yearbook, our qualified labour shortage indicator placed us in penultimate (58th) place⁷⁵. According to the Estonian Labour Force Survey, around 12% of those employed are overeducated and approximately 2.5% are undereducated⁷⁶. Over-education also signals a mismatch between the labour market and what the education system offers, and means that the labour market is not functioning efficiently. In a situation where relatively few new jobs are created, aligning the labour force with the needs of the modern labour market is the key question. Due to the rapid changes taking place in the economy, countries around the world, Estonia among them, face difficulties in matching the volume and structure of education services with labour market needs, using traditional methods (such as state-commissioned education). Estonia lacks a functioning cooperation platform involving representatives of skills demand and supply sides who forecast labour market trends and develop the necessary skills. The current methods of forecasting and monitoring labour market needs and the dialogue between employers and education service providers are inadequate in terms of planning the structure and volume of education services. Estonia needs to create a suitable system to coordinate the development of skills – an institutional framework involving all parties representing the demand and supply of education services in order to ensure the anticipation of skill needs, better labour market relevance of skills and the compatibility of the education system with the world of work. It is necessary to reach the point where labour

their studies in the same curriculum group at the same educational institution within 31 days of the discontinuation of their studies.

⁷¹Data from the Estonian Education Information System, full-time studies

⁷²Espenberg, Beilmann et al., 'Õpingute katkestamise põhjused kutseõppes' /Reasons for discontinuation of studies in vocational training/ (2012-2013)

⁷³Statistics Estonia

⁷⁴Flash Eurobarometer 2012

⁷⁵IMD competitiveness ranking, weF (2012).Global Competitiveness Report.<http://www.weforum.org/reports/global-competitiveness-report-2012-2013>

⁷⁶Statistics Estonia, Estonian Labour Force Survey

market information is taken into account in the development of education and training programmes, and where formal education, continuing education and retraining are better linked.

17) Constant and accelerating changes in skills required are one of the reasons for the mismatch between people's education and the labour market. Emerging new business areas and the accelerating development of information and other technology cause people's skills to become outdated at an increasing pace. The rate of participation in lifelong learning increased in Estonia up to 2012, but statistics for the first two quarters of 2013 indicate that this increase may have stopped, and without additional effort a decline will ensue. (The EU target for 2020 is 15%; Estonia's rate was 12.9% in 2012⁷⁷) However, the rate differs by target group. People with lower levels of education, older people and people of other nationalities are the least likely to participate in lifelong learning. Also, men tend to be less active than women as regards participation in lifelong learning. In 2011, the rate of participation of older people (55–64 years old) in learning remained at the level of 4.6%. People with higher education are the most active learners; however, only one in five people with higher education are lifelong learners. The data on the first three quarters of 2013 indicate a decrease compared to previous years, and it can be seen that a considerable effort is needed to maintain the increase in the rate of participation in lifelong learning or to maintain even the present rate. The international PIAAC study conducted in Estonia indicated that the higher the age, the poorer the skills. Functional literacy and problem-solving skills in technology-rich environments show a rising trend up to the age of 20–24; thereafter, these sharply decrease. Numeracy starts to decrease slightly later – after 34 years of age. As regards the skills measured in the PIAAC, the biggest difference between younger and older people is their problem-solving in technology-rich environments, the skills of older people being significantly poorer than those of youth. Development of adults' ICT skills is paramount, as according to the PIAAC study more than half of people over 50 are afraid or unable to use a computer for more complicated operations. The overall share of such people among all age groups was 30%. The challenge is to ensure that participation in learning becomes a way of life for all age groups and people with different levels of education and to provide high-quality and relevant education that helps them to better adapt to society and respond flexibly to changes taking place on the labour market. It is equally important to enhance the language skills of the adult population, considering that according to the mid-term review of the 'Language Rich Europe' project of the EU and the Council of Europe a comparison was made between people's attitudes towards multilingualism in Europe as measured by Eurobarometer surveys in 2006 and 2012⁷⁸, and the biggest change appears to be the significant increase in the number of people who felt that in addition to their mother tongue all people living in the European Union should speak two other languages and that all foreign languages spoken in the EU should be treated equally. The latest recommendation of the Council of Europe is the recommendation of the Committee of Ministers to Member States on the use of the Council of Europe's Common European Framework of Reference for Languages (CEFR) and the promotion of multilingualism(CM/Rec(2008) 7).⁷⁹

18) Immigration of skilled labour (including existing and future senior specialists and talented people) is necessary for Estonia, but it leads to a number of challenges, International labour mobility is often due to the insufficient realisation of skills and low wage levels at home; at the same time, opportunities to find work abroad are expanding as a result of the globalising reach of companies and the demand for labour in emerging economies. The demand for highly skilled labour ('talent') is particularly high on the international labour market, and the shortage of such specialists also hinders the development of Estonia. To have a qualified labour force, it is increasingly important to raise the number of foreign specialists with the relevant know-how (in addition to local labour), as home-grown resources in terms of talent are

⁷⁷Eurostat, Ministry of Education, Estonian Education Information System (EEIS), Statistics Estonia 2012

⁷⁸Special Eurobarometer 243:53/2006, repeat survey 386/2012

⁷⁹Language-rich Europe.Trends in Policies and Practices for Multilingualism in Europe, 2012

necessarily limited in as small a country as Estonia. According to the forecast of the Ministry of Economic Affairs and Communications, in the period from 2011–2019 Estonia will need around 3400 working specialists who cannot be found on our labour market. It should be taken into account that foreign specialists come to Estonia together with their family members whose entering into the labour market and successful adaptation must be supported in order to prevent the risk of social exclusion. Adaptation and integration into Estonian society is not only important for highly qualified foreign specialists; it concerns all types of immigration. The successful adaptation and integration of foreigners who come to Estonia to work, study or live with their family members is important and ensures /promotes social cohesion in society.

19) Teachers do not sufficiently apply teaching methods or support measures that take into account the specific needs of learners. Evaluations of the professionalism of teachers and principals should focus on the assessment of competences and supporting the holistic development of learners. For years, PISA results have shown that more should be done to unlock each child's potential for development and adapt teaching to learners' abilities. The results of the international teaching survey TALIS also indicated that while Estonian teachers believe in constructive teaching, they tend to use mostly traditional practices (i.e. highly structured lessons) in the classroom, failing to consider the desires and characteristics of pupils⁸⁰. The results of a study of the national curriculum for preschool childcare institutions conducted by Tallinn University showed that the implementation of the national curriculum is complicated because teachers from preschool childcare institutions do not have enough practical skills and knowledge to integrate different areas of learning and support the individual development of children.

Teachers and principals have a crucial impact on the learning environment and on learning outcomes. Teaching methods and support measures must cater to the specific needs of all learners, providing challenges to the more capable, assisting learners with good results in reaching the level of those with excellent results, and supporting those who are weaker – in accordance with the abilities of all learners and in an exciting way. Further training of teachers and heads of educational institutions should aim to achieve these goals, including focusing on the use of modern technology in teaching. There is no systematic methodological support for the application of educational innovations. So far, the application of educational innovations and the provision of systematic methodological support to teachers in order to alleviate shortcomings in teaching have not been possible in a situation where most further training funds were channelled directly to local governments and the role of national authorities was limited to regulatory guidance.

20) The system of education does not focus enough on individuals or provide pupils with enough of the skills that they need to cope in their lives and on the labour market. Various studies indicate that the educational system of Estonia does not support the emergence of top performers. This is confirmed by the PISA test results for 2012, published in December 2013. According to PISA, only a small percentage of top performers can be seen against the backdrop of overall good performance. Schools are rather successful in reducing differences resulting from pupils' socio-economic background. Nevertheless, differences in e.g. the reading skills of boys and girls are significant. Apart from knowledge, today's society and economy expect more entrepreneurial ability and innovation awareness in people. Development of learners' entrepreneurial ability (a wider concept than entrepreneurship education) should be integrated into all levels of education. In addition to entrepreneurial ability, it is important to develop learners' creativity and social skills. This, however, requires a significant change in learning approaches. The teaching approach that has been adopted theoretically and has been approved in documents, valuing different types of talent in learners

⁸⁰Krista Loogma, Viive-Riina Ruus, Leida Talts, Katrin Poom-Valickis.(2009) Õpetaja professionaalsus ning tõhusama õpetamis- ja õppimiskeskkonna loomine:OECD rahvusvahelise õpetamise ja õppimise uuringu TALIS tulemused /Teachers' professionalism and development of effective teaching and learning environment:Results of the OECD Teaching and Learning International Survey/, Centre of Educational Research of Tallinn University, p 23

and noting special needs, has not become an inseparable part of the teaching process⁸¹. In its study of the compatibility of education with the requirements of the economy, the European Commission points out that in Estonia the vertical mismatch of skills is one of the highest in the European Union. Teaching creativity and entrepreneurship is seen as a solution to reduce the incompatibility between education and the economy. In comparison with other European countries, Estonia stands out for a particularly stark contrast between the curriculum as a normative document and actual teaching practices: only 13% of the teachers surveyed considered it necessary to teach creativity and entrepreneurship⁸².

21) It is also important to improve the educational and social inclusion of pupils with special educational needs or disabilities. Estonia has 237,624 children aged 1.5–18, 4.5% of whom are estimated to have a disability or other special need that requires them to receive special education or educational guidance in respect of the implementation of measures internal or external to their school or regarding the organisation of studies. Early detection of pupils' special needs, implementation of prompt intervention strategies and improvement of inclusive educational policy are the prerequisites for smooth progress from one level of education to the next and for independent ability to cope in the future. According to the data in the Estonian Educational Information System, 17% or 24,000 of all 135,000 pupils have special educational needs. Most of them (76%) attend ordinary schools, where they cope with the help of additional support services and special conditions. The number of pupils with significant special education needs, i.e. pupils who need specific study arrangements and extensive support services, amounts to 3060. A third of them attend ordinary schools and two-thirds attend specialised schools. SEN pupils do not receive enough support in ordinary schools, as principals and teachers lack the knowledge and training required for inclusive teaching. Moreover, SEN pupils are not guaranteed a level playing field in terms of the services of school-level support specialists, because the capacity of local governments to provide these services varies to a great degree. This is particularly problematic in municipalities where the number of pupils is small. Also the system of guidance services outside schools needs improvement and modernisation. Another problem is the limited amount of teaching materials meeting the special needs of pupils. Although the inclusion of pupils with special educational needs in ordinary schools has slightly increased in recent years in Estonia, it is lower than in the Nordic countries and other European countries⁸³. The main challenge for the coming years is to provide pupils with special educational needs with opportunities and conditions for assisted learning in local schools and to ensure smooth transitions from the general education system to further education levels.

22) Adaptation of the school network to demographic changes. Due to the ca. 40% decrease in the number of school-age children and urbanisation in recent decades, the number of pupils in rural schools has decreased several times. This results in lower financing, which makes it impossible for school operators to maintain the quality of teaching⁸⁴. The network of Estonian general education schools comes from a time when the birth rate was more than 21,000 children per year. In 2010, the birth rate was around 25% lower, at 15,825, and in 2011 it was 14,679. Compared to 1995, the number of pupils has decreased by 78,458 and the number of schools by 202, but the number of upper secondary schools has decreased by just 12. The area use of rural schools is, on average, half as efficient as in urban schools, and if the number of pupils decreases, the situation becomes even worse. There are examples where a municipal school has more than 100 m² of space per pupil. According to the data the Ministry

⁸¹OECD rahvusvahelise õpetamise ja õppimise uuringu TALIS tulemused /Results of the OECD Teaching and Learning International Survey/, <http://www.hm.ee/index.php?048181>

Eesti põhikooli efektiivsuse uuring /Survey of Efficiency of Estonian Basic Schools/, <http://www.hm.ee/index.php?popup=download&id=11756>

⁸²European Commission (2011). Progress towards the Common European Objectives in Education and Training. Indicators and Benchmarks – 2010/2011. Luxembourg: Publication Office of the European Union

⁸³Special Needs Education – Country Data 2012, <http://www.european-agency.org/publications/ereports/sne-country-data-2012/>

⁸⁴Eesti inimvara raport 2010 /Estonian Human Resource Report 2010/

of Education and Research obtained as a result of respective mapping in 2012, there were 162 schools with more than 30 m² of space per pupil and more than 240 schools with more than 20 m² of space per pupil. In addition to demographic processes, the creation of classical upper secondary schools makes the situation worse for those schools that decide not to continue to provide upper secondary education, because their pupil numbers decrease, but the area the school uses remains the same. Hence, a school with few pupils may have difficulty implementing its curriculum, especially at the small upper secondary level. Pupils cannot be guaranteed high-quality studies if qualified teachers cannot be given full-time work and pupils cannot be given options to choose from. The number of pupils in a school inevitably affects learning outcomes. PISA results show that although the level of lower secondary education is very good compared to other developed countries, the differences are still too great between schools: the performance of pupils attending school in bigger cities is better than that of pupils attending school in smaller towns; and the performance of the latter is, in turn, better than that of pupils attending rural schools. To guarantee equal opportunities for all pupils, many school operators will need to adjust and reorganise the school network in the coming years. This does not necessarily mean closure of schools; instead, parts of school providing a certain level of education should be closed and schools should be merged. Reorganisation of the network of educational institutions, including separation of the primary level with the lower secondary level from the upper secondary level, was also mentioned as one of the five most urgent tasks by the expert groups in their proposal for the education strategy of Estonia for the period 2012–2020,⁸⁵ which was discussed with representatives of the education sector, as well as in the draft Lifelong Learning Strategy of Estonia. The 2011 study of performance of general education schools and vocational education schools and the factors influencing it⁸⁶ found that the number of pupils who had to repeat a year was lower in bigger schools and that bigger schools are better at employing teachers with the required qualifications⁸⁷.

When reorganising the network of upper secondary schools and basic schools (primary and lower secondary levels) attention should also be paid to reorganising the network of schools for pupils with special educational needs. However, the principles of inclusive education must be abided by, thus giving as many SEN pupils as possible the opportunity to attend their local school. In view of the principles of inclusive education, Estonia has taken steps to specify the roles of the state and local authorities regarding teaching SEN pupils. We have also approved a SEN concept, the main aim of which is to give as many SEN pupils the opportunity to attend an ordinary school. Opportunities to attend state schools will only be given to those pupils who need special conditions and special support. This means that the state should deal with pupils with greater special educational needs, and local authorities with those with less involved special educational needs. To make it possible for SEN children to enter the labour market and cope, they need to be schooled like other children – but in certain cases they need special conditions. This would also mean less burden of care if we could teach them to cope on their own. The network of SEN schools needs to be arranged for the following reasons: Estonia has adopted an inclusive approach to the provision of education; the new concept of providing education to SEN pupils specifies the roles of the state and local governments in teaching SEN children; and the population has relocated and thus the numbers of places in (special) schools are not optimal in regions. Relations with the medical system have changed: the system of family physicians is residence-based and no treatment is provided at school; the low number of pupils, the inappropriate and costly infrastructure and geographically unsuitable locations result in the risk of the quality of service provided by SEN schools declining, because qualified personnel cannot be provided with sufficient workload and wages and certain support services cannot be delivered; the network of SEN schools is economically inefficient, because the

⁸⁵The Five Challenges of Estonian Education. Draft Estonian Education Strategy 2012–2020. Estonian Cooperation Assembly, p. 2

⁸⁶K. Türk, T. Haldma, H. Kukemelk, K. Ploom, R. Irs, L. Pukkonen. Üldharidus- ja kutsekoolidetelemuslikkus ja sagedamõjutavad tegurid / Performance of general education schools and vocational schools, and factors affecting it/. University of Tartu, Ministry of Education and Research, 2011, 424 pages

⁸⁷*Ibid*, pp. 189 and 199

number of pupils has declined, school complexes are too large and outdated and fail to support the consideration of the specific needs of SEN pupils; and the complicated logistics of pupils and staff.

Successful implementation of the measures of 2014-2020 requires that the experiences of the period of 2007-2013 are taken into account. In 2007 investments in SEN schools were planned based on the principle that the existing network of schools needed to be modernised and a relevant investment plan was approved. Now, we have specified the actual needs and resources and removed from the investment plan objects that proved to be unviable in the changed circumstances. It is clear that the existing network of general education schools, including schools for pupils with special educational needs, needs to be reorganised so as to ensure that it is in line with trends in birth rates, concentration of population and the capacity of the state and local governments to maintain the buildings.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objectives associated with development needs:		
<ul style="list-style-type: none"> • promoting employment and supporting labour mobility; • promoting social inclusion and combating poverty; • investing in education, skills & lifelong learning. 		
Europe 2020 headline target	Current situation	Target for 2020 in the 'Estonia 2020' National Reform Programme
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%
Reducing school drop-out rates below 10%	10.9% in 2010, 10.5% in 2012	9.5%
At least 40% of the 30-34 age group completing third level education	39.1% in 2012 43,2% in 2013	40%
<p>Country-Specific Recommendation No 2 of 2013: Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.</p> <p>Country-Specific Recommendation No 3 of 2013: Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in lifelong learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p> <p>Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.</p>		

1.1.2.6. Increase in healthy life years and development of a health system that meets requirements

The high loss of health of the population is one of the hindrances to a higher employment rate and social cohesion. Reduction of early mortality and morbidity offers significant potential for population and economic growth, as low health indicators have a significant impact on the employment rate (the effect of health on GDP being 6–15%) and social cohesion. Although our life expectancy (71 years for men and 81 for women in 2012) has increased significantly in recent years, it remains well below the EU average. The gap between the Estonian and EU indicators was 6.1 years for men and 2.0 years for women in 2011. The large gender gap in life expectancy (in favour of women by almost ten years) attracts attention, and regional differences in life expectancy are also remarkable (the highest, 77.3, in Tartu County and the lowest, 73.2, in Ida-Viru County). Following a period of rapid growth, the length of healthy life has been decreasing since 2010 (53 years for men and 57 years for women in 2012). The difference with the EU average is even greater in the case of healthy years than in the case of life expectancy. The gap between the Estonian and EU indicators was 8.2 years for men and 4.7 years for women in 2012. Increasing pressure on healthcare and social costs and negative impact on the labour market are primarily the result of the fact that Estonia has one of the most rapidly ageing populations in Europe (one-third of our population being pensioners).

Problems affecting the health and working capacity of people, factors requiring intervention and factors enabling growth:

1) High loss of health due to preventable early deaths and illnesses. Approximately a quarter of all incidents of death in 2012 involved people under 65. The main reasons for health loss in Estonia are cardiovascular diseases (37%) and tumours (15%). The third reason (7%) is accidents and injury-related deaths. This number has decreased over the last couple of decades but nevertheless exceeds the EU average by 2.1 times (2010). In 2012, the number of people who died because of an accident, injury or poisoning was 1150; of these, 29% died as a result of poisoning and 20% committed suicide. Deaths due to injuries (61%) and illnesses (39%) are most common among working-age (15–64) men.

2) Unhealthy lifestyles are a concern, affecting people's participation in employment and social activity. The most common behaviour-related health risks are excessive consumption of alcohol, smoking, insufficient physical activity and inadequate attention to healthy eating. If excessive alcohol consumption and smoking were reduced, average life expectancy and healthy life years would increase. Morbidity due to diseases associated with alcohol consumption and smoking is more than twice as high as the respective indicator in 'older' Member States.

Alcohol represents around 10% of the disease burden of the Estonian population – roughly 40,000 years of life are lost per year. 99% of alcohol-induced loss of years is attributable to men, and the bulk of the burden results from loss of years due to premature deaths. According to a report published by the WHO in 2012, alcohol is attributable to 12% of mortality among women and 28% of mortality among men in the 15–64 age group. In EU Member States, the alcohol-related death rate is highest in Estonia: 6.2 alcohol-related deaths per 100,000 inhabitants in 2010. Problems resulting from alcohol consumption are usually associated with alcohol dependence (incl. withdrawal symptoms, loss of control and social alienation), regular consumption (incl. cirrhosis of the liver, cognitive impairment and a total of more than 60 diseases and disorders), intoxication (incl. alcohol-related crime, risk behaviour, accidents and injuries). Damage caused by both regular consumption of alcohol and intoxication is high in Estonia. Frequent (excessive) consumption of alcohol inevitably leads to a change in health status, and hence to a decline in capacity for work.

A health behaviour survey revealed that a quarter of the population – 37% of men and 19% of women – smoked every day in 2010. This is more than the EU average (24.2% in 2008)⁸⁸. Consequently, Estonia needs more effective preventive measures against alcohol and tobacco use.

⁸⁸OECD, Health at a Glance: Europe 2010

Drug abuse and the extensive spread of HIV remain huge problems in Estonia. The number of new cases discovered per 100,000 people in 2009 was the highest in the EU: 31 compared to the EU average of 5⁸⁹. The total number of HIV-positive people continues to increase. HIV will become one of the most important causes of the burden of disease for Estonia within the coming 10 years. In some cities (e.g. Narva and Kohtla-Järve), the local incidence of HIV has exceeded the generalised epidemic threshold, which is a threat to all locals, especially young people. Our number of drug-related deaths per million is highest (146) among EU and EEA countries – almost twice as high as in Norway, which is in second place⁹⁰. Active use of addictive substances among pupils has been a problem for the last 10 years.

Inadequate exercise and unhealthy eating habits have made a third of Estonia's population overweight (compared to nearly half in the EU as a whole). It is worth noting that 18% of our people are obese (16% in the EU), and obese pupils are an increasing problem (10% in 2009/2010)⁹¹.

- 3) The number of working-age people who stop working due to health problems is on the rise.** In 2012, 22.3% of inactive people claimed that their inactivity was due to their health problems (20.2% in 2007). The total share of people who were inactive due to their health problems was 6.6% of the working-age population in 2012. The most common causes of initial incapacity are musculoskeletal disorders (almost a quarter of cases), cardiovascular diseases (17%) and mental health problems (14%). The last decade has seen the number of incapacity pensioners doubling, while the amounts the state pays them have increased five-fold⁹². Worsened mental health is becoming the main hindrance to an increase in life expectancy. Longer life is making psychiatric diseases the main cause of incapacity. The incidence of occupational diseases and diseases caused by work is increasing.

Continuation of current demographic and epidemiological trends and development of medicine and technology will lessen the need for hospital care and increase the need for outpatient and day care, including first-contact services related to disease prevention and surveillance and treatment of chronic diseases in particular.

- 4) Incompatibility of the hospital network and healthcare services with the health needs of the population.** The health status of our citizens and the accessibility of specialised medical care have worsened over the years⁹³. In January 2012, the number of people waiting for outpatient treatment was 236,671 and the number of people waiting for day care surgery and procedures was 5727, i.e. 27% and 35% more than in 2008, respectively⁹⁴. In the context of ageing, the proportion of long-term ill has increased from 40% in 2009 to 43.6%. However, first contact healthcare services are currently neither sufficient nor uniformly accessible.

The National Audit Office's audit of the sustainability of the hospital network published in 2010 revealed that general and local hospitals in county centres are the worst off because the physicians there are underemployed due to the declining numbers of local people, and there are no resources to make investments. This is why decreasing numbers of patients are turning to the general hospital in their county centre. As regards the number of hospital beds per 10,000 residents, the number is lower in Estonia (53.2) than the EU average (54.5). This reduction comes from the decrease in the number of acute and psychiatric care beds. The number of nursing care beds has increased. The respective needs for 2015 will be met with the help of ERDF funding for the 2007–2013 programming period. However, health promotion and preventive services at the first-contact level have fallen into the background, as have the rehabilitation services necessary to restore people's capacity to work.

In an ageing society where the percentage of the chronically ill is increasing, more efficient first-contact healthcare is of key importance because the solution to most health problems is

⁸⁹Statistics Estonia, Sustainable Development Indicators, 2012

⁹⁰2011 annual report of the EMCDDA

⁹¹Development Plan of the Ministry of Social Affairs 2012-2015

⁹²Statistics Estonia

⁹³Statistics Estonia 'PT05: Hinnangarstiabikättesaadavusejakvaliteedileningtervishoiukorraldusele' /Assessment of the availability, quality and provision of healthcare services/

⁹⁴Health Insurance Fund <http://uudised.err.ee/?06279016>

offered by family physician teams. If the first-contact healthcare system does not function as required, hospitals must help those in need of medical care, but this increases the costs of the healthcare system and unduly reduces the availability of specialised medical care. As most of the working-age population is relocating to bigger cities or areas near them, healthcare accessibility in smaller cities and rural areas is worsening. Inadequate first-contact healthcare infrastructure and a high percentage of one-physician practices does not ensure the provision of high-quality and coordinated services as these require more healthcare professionals than just a family physician and a nurse. As of 2013, family practices receive financing to employ a second family nurse if they have a separate room to see patients on their own. Most practices cannot meet this requirement. The second family nurse can make the network of family physicians and the whole healthcare system more effective because they can do a lot with respect to prevention and advice (incl. advice on lesser health problems), thus reducing the physicians' work load and service costs. If first-contact practices were to be concentrated into health centres, diagnostic and treatment facilities could be more optimally used and primary healthcare services would be accessible with no interruptions. It will also create an opportunity to complement first-contact teams with other specialists (incl. midwives, home nurses and physiotherapists) to ensure an adequate range of services.

As resources are limited, specialised medical care is being concentrated in bigger centres of excellence (more than 80% of specialised care is provided by central and regional hospitals). Bed occupancy rates are low in smaller county hospitals: the average rate in general and local hospitals is 62%, but in five general hospitals the rate is below 55%. The healthcare system needs to be restructured to enhance cooperation between healthcare establishments and to ensure the sustainability of resources (human resources, equipment and financial resources). There should be a network of competence centres developed in all medical specialties at the level of regional hospitals. This network should actively cooperate with first-contact healthcare providers to ensure sustainable and high-quality specialised care for the population. The role distribution and cooperation arrangements of such a network would be based on the 'Courses of development of first-contact healthcare and hospital network in Estonia up to 2020' plan, which is currently being drafted.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objective associated with development needs: Promoting social inclusion & combating poverty

Europe 2020 headline target	Current situation	Target for 2020 in the 'Estonia 2020' National Reform Programme
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%

Country-Specific Recommendation No 2 of 2013: Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.

Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.2.7. Improving the efficiency of citizen-centred and coherent public governance

Challenges related to Estonia's administrative capacity at the national and local levels were analysed by the OECD in a review entitled 'Estonia. Towards a Single Government Approach. Assessment and Recommendations' compiled in 2011. According to the OECD review and the Green Paper on the Personnel Policy of the State as an Employer prepared by the Ministry of Finance, the field of administrative capacity in Estonia is characterised by the following problems, factors requiring intervention and factors enabling growth:

- 1) Governance is fragmented in Estonia.** The OECD has deemed⁹⁵ the fragmentation of Estonia's public governance to be the biggest problem: they say our success can only continue if we solve inter-sectoral challenges. In our administrative system, issues are resolved on the basis of area of responsibility. However, there are various central coordination mechanisms between areas of government (e.g. the civil service, budgeting, strategic planning, coordination of EU affairs and agreeing on legislative acts). Such a decentralised public administration system allows for the aggregation of sectoral competencies and faster and more flexible action with respect to issues that clearly fall within a certain area of responsibility; however, it also contributes to increasing differences (both cultural and structural) between areas of government. The limited scope of central coordination mechanisms and the inadequacy of existing ones make governance fragmented, and this in turn brings about problems in devising and implementing policies covering several sectors. In Estonia, nobody is clearly responsible for the comprehensive development of public administration or for governance policy-making. The state structures of Estonia have become too rigid and clumsy, which is not good for the needs and possibilities of such a small country. To ensure effective governance, the state needs to be able to solve problems holistically, i.e. transcending all areas of government, and do so in a common and coordinated way
- 2) The state budget and national strategic documents of Estonia are not consistent or linked to each other.** The strategic planning system applicable in Estonia has shortcomings that increase the fragmentation of governance and worsen policy development and implementation. There are too many state-level strategy documents (approved by the parliament and/or government); the implementation plans of strategies are often unrealistic (strategies are not directly linked to the state budget and thus their implementation cannot be ensured); and documents are not flexible to changes in the environment (strategies contradict policies, but no changes are made to the strategies). Therefore, decisions are not always made on the basis of a long-term strategic perspective, and strategies do not have sufficient impact in terms of directing the development of the relevant sectors.
- 3) Low policy-making capacity.** The OECD's review points to moderate knowledge-based policy-making in Estonia. The capability of analysing the effects of policies is low and the impact of decisions is not sufficiently analysed in advance. The development and implementation of policies is based on the narrow perspectives of individual areas of government and state agencies, and solutions to problems are therefore inadequate and they are not guided by the comprehensive needs of society. Policy-making processes are not transparent; the inclusion of citizens' associations and stakeholders is insufficient, as is consideration for their interests. The inclusion problem is two-fold: inclusion on the part of the state is inadequate and the eagerness and capability of stakeholders to participate in the processes are insufficient. As a result, citizen participation is low and the policy-making process is not sufficiently citizen-centred. Limited dialogue between the parties is not

⁹⁵OECD, Estonia: Towards a Single Government Approach 2011

conducive to cross-sectoral integrated solutions. The effectiveness of policy-making is limited by the low analytical capability of authorities and participants in the policy-making process. There are also problems with the quality of regulation, which leads to additional administrative burden on all sectors. Too many acts of law are constantly being changed.

4) Inadequate coordination of the provision of public services and the development of e-governance (e-services). Today, Estonia does not have common bases for the provision of public services or a comprehensive policy for developing these: each ministry and state agency develops their services on their own. The OECD is of the opinion that high-quality e-governance infrastructure alone is not enough to ensure the provision of high-quality public services. There are no common standards for the development of public services, and the development of the state's information systems is not coordinated or supervised across the different areas of government. This leads to duplication, higher subsequent administrative costs, inefficiency, security risks and data leakage risks. The public sector's applications are not shared between areas of government, and developments are based on different IT architecture, using closed specifications. The lack of coordination and the under-utilisation of the potential of ICT solutions render the provision of public services in Estonia inefficient and inflexible.

5) Disparities in the capacity of local authorities to implement policies and provide public services. Cooperation between the state and local government levels is insufficient and the distribution of roles in the provision of services is not entirely clear. The development capacities of authorities at the local and county levels (the latter involving the state's functions) have not been harmonised and cooperation opportunities have not been made use of. As a result, the ability to set and implement long-term development priorities for regions is low (see more on the capacity of local government in section 1.1.3, Figure 10). Regions' problems with institutional capacity are causing a number of social issues. Residents are leaving, thus placing additional pressure on loss of jobs and the termination of the provision of public services in certain areas.

A recent audit⁹⁶ of the National Audit Office suggests that the state should identify a reasonable level of services and establish service standards that local authorities should ensure for people, because the services offered by the state are not available in every county⁹⁷. This can be used as a basis for making justified changes in administrative organisation because this is one of the prerequisites for improving service quality. The problem is exacerbated by the fact that the division of public-service responsibilities at the central and local government levels is not clear and there are no coordination mechanisms.

6) The expertise of the civil service remains low as regards certain topics, the quality of management and analytical work is insufficient and knowledge-based solutions are not widely used. The functioning of the state largely depends on the professionalism of our civil servants. The Green Paper on the Personnel Policy of the State observes that personnel policy, including development and training of the civil service, is fragmented and agency-centred. Systematic development of personnel has not been undertaken in the different areas of government, and training and development of local government officials is random. The quality of training events varies. The level of resources allocated to training is also low: in 2011, training expenses accounted for 1.8% of the wage fund, while 2–4% is considered the optimal level internationally. In addition to skills, large staff turnover is a problem that threatens the stability of the civil service.

The following is an overview of the Thematic Objectives related to development needs, the objectives of the 'Europe 2020' strategy and the 'Estonia 2020' National Reform Programme and Country-Specific Recommendations.

Thematic Objective associated with development needs: enhancing institutional capacity of public authorities and stakeholders and efficient public administration

⁹⁶National Audit Office, Assumptions for provision of public services in small and remote local authorities, 2012

⁹⁷National Audit Office, Availability of state services in counties, 2010

Country-Specific Recommendation No 1 of 2013: Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the medium-term budgetary objective over the programme horizon. Complement the planned budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue enhancing the efficiency of public spending.

Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.3. Regional development trends and challenges

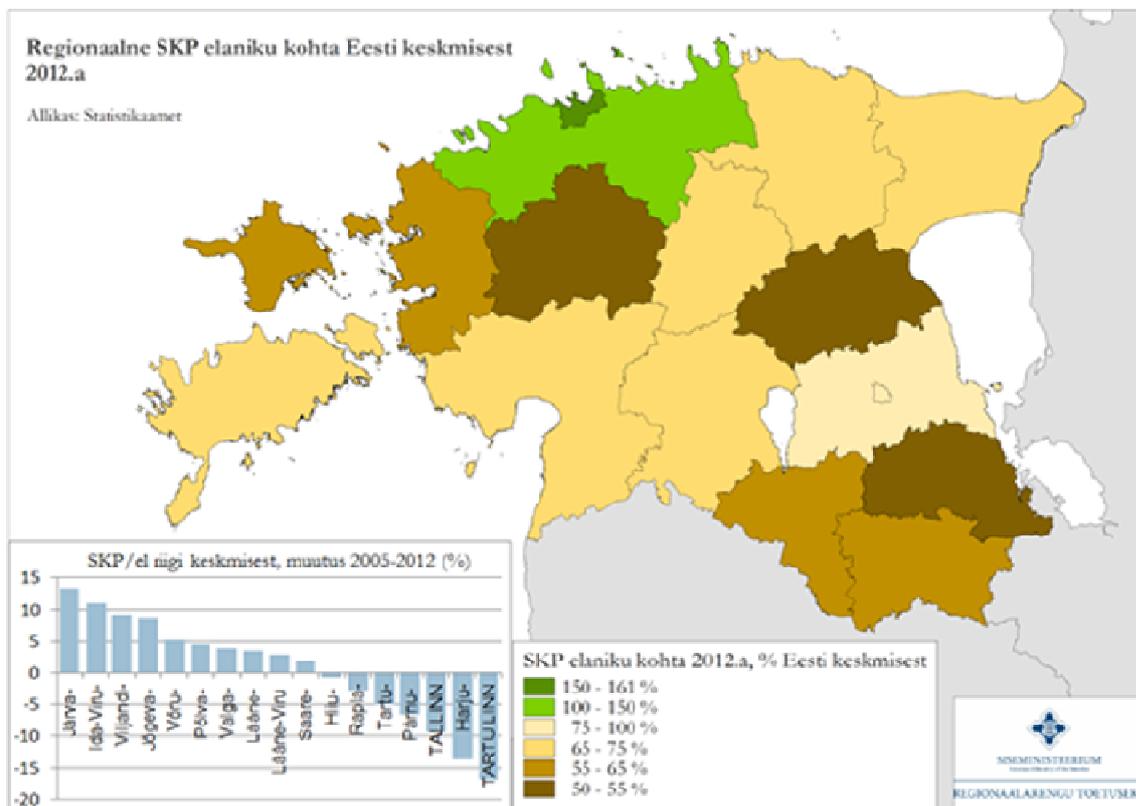
Considering the small size of Estonia, our internal regional development differences are rather large compared to the rest of Europe and other developed countries⁹⁸. The bulk (approximately 60%) of the country's gross domestic product is generated in Harju County, around 10% in Tartu County and just 30% in the remaining 13 counties put together⁹⁹. GDP per capita exceeded the national average only in Tallinn and Harju County (160% and 141%, respectively) in 2012. Compared to 2005, however, regional differences in GDP relative to population between Harju and Tartu Counties, on the one hand, and all other regions, on the other hand, have decreased. The fastest growth in this figure has been observed in Järva, Ida-Viru, Jõgeva and Viljandi counties (Figure 7). To a lesser extent, regional differences in relation to the national average between Tallinn and Tartu and other regions have also levelled out in the entire domestic product. Unfortunately, it appears that the economic development of Tartu as the driver of development in south-eastern Estonia has not been vigorous enough of late (GDP per capita has fallen below 90% of the national average). In international comparison, regional differences in GDP are relatively large given the country's small size.

The number of new enterprises remains highest in Harju County. The rate of addition of new enterprises is also high in other counties where entrepreneurial activity has previously been higher than average, which implies widening gaps in entrepreneurial activity. In 2012 there were more than 70 enterprises per thousand inhabitants in Harju County and fewer than 20 enterprises per thousand inhabitants in Ida-Viru County¹⁰⁰. The latter county is characterised by the slowest growth in entrepreneurial activity; this has been the case for a long time, mainly due to the region's background of large-scale industry.

⁹⁸Regions at a Glance 2011, OECD 2011; The Objectives of Economic and Social Cohesion in the Economic Policies of Member States, EPRC 2010

⁹⁹Here and below, the analysis is primarily based on the county (LAU1) and local authority levels (LAU2), as larger administrative divisions (NUTS II and NUTS III) would not be specific enough to describe regional differences within Estonia. At the end of 2013 there were 15 counties, 215 local authority units and five NUTS III level regions in Estonia.

¹⁰⁰Statistics Estonia



Regional GDP per capita relative to national average, 2012

Source: Statistics Estonia

Regional GDP per capita relative to national average, change from 2005–2012 (%)

Regional GDP per capita, % of national average, 2012

Figure 7. GDP per capita and change from 2005–2010 by county (LAU1)

Source: Ministry of the Interior on the basis of data from Statistics Estonia

There are also large differences in the employment of the working-age population. According to the data of Statistics Estonia, in Harju County, neighbouring counties and Tartu County the employment rate reached 60%, while in south-eastern Estonia and Ida-Viru County only around 50% of the working-age population was employed. Although relative regional differences in average income have decreased in recent years, absolute differences continue to be substantial¹⁰¹. The proportion of people living in relative poverty has always been lowest in Harju County (10.6% of residents in 2011) and it is low around Tartu and Pärnu as well. On the relative poverty map prepared using the methodology of the World Bank,¹⁰² municipalities located far from Tallinn and other major centres stand out as more problematic (Figure 8).

¹⁰¹According to Statistics Estonia, the average employee's income, relative to the national average, decreased from 116% in 2005 to 112% in 2010 in the county with the highest average income level (Harju County). In relative terms, income has grown most in Ida-Viru County and the south-eastern counties of Estonia.

¹⁰²See also pages http://www.stat.ee/publication-download-pdf?publication_id=34209 110–115.

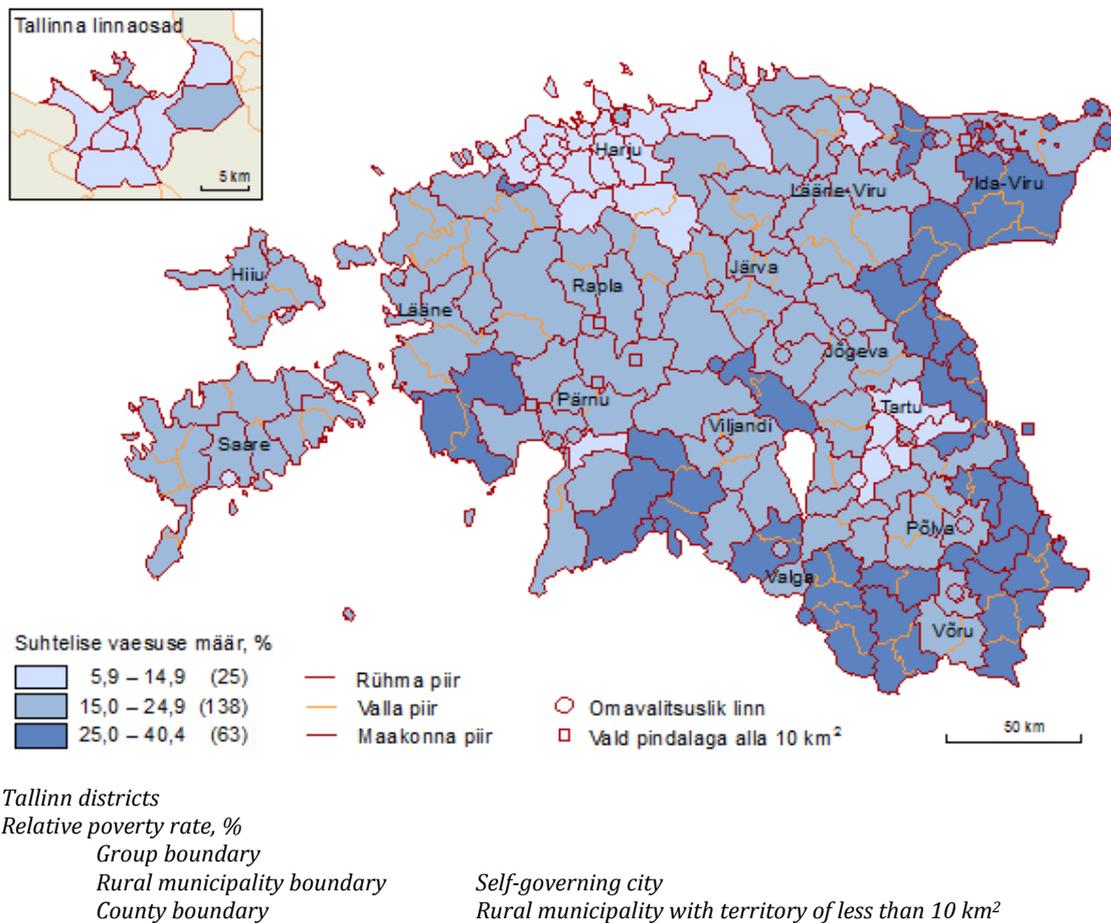


Figure 8. Relative poverty rates in groups of local authorities, 2011

Source: Statistics Estonia, based on World Bank methodology

The population and active economic activities are concentrating in larger urban areas, primarily around larger cities (Figure 9). The population of as many as 12 counties decreased by more than 10% during the period between two censuses, from 2000–2011. This means, among other things, that fewer new workers are entering the labour market in many counties. The labour market pressure index is lowest in Hiiu and Ida-Viru counties, where only six people will enter and 10 people will exit (i.e. retire from) the labour market in the coming decade¹⁰³.

¹⁰³Statistics Estonia

agricultural production has improved the technological status of the sector as well as the welfare of farm animals and the condition of the environment. The use of biomass has also increased. Local non-agricultural small businesses contribute to the creation of jobs and diversification of the business environment. In the period 2007-2013, interventions under ERDP helped to make the business environment more diverse and created alternative jobs for the rural population. For example, the diversification measure added new accommodation establishments in the tourism sector. However, the tourism sector needs to be developed further in order to ensure the sustainability of investments.

Local initiatives and using the internal development potential of rural areas in the period 2007-2013 was facilitated by the implementation of the LEADER programme. As local people have a better overview of local needs, opportunities and solutions, this should contribute to ensuring the sustainability of community services. The LEADER programme has brought together different sectors to reflect on the strategic development of the region. The more active participation of citizens' organisations and other sectors has a positive impact on the governing capacity of rural areas.¹⁰⁷ According to local activity groups, the LEADER programme has encouraged many persons to submit their applications who previously considered applying for support too complicated.¹⁰⁸ The most popular so far have been building, reconstruction and acquiring of equipment as well as training and information dissemination activities for the purpose of modernising and developing villages. The data on project support applications under the LEADER programme indicate that the LEADER approach has a positive impact on the regional policy¹⁰⁹ and therefore, it should be continued to the same degree.

Training, awareness raising activities and the development of an advisory system and advisory services is crucial in increasing employment in rural areas. The implementation of the relevant ERDP measures in the period 2007-2013 has improved the level of knowledge among those employed in the agricultural, food and forestry sectors. However, experience shows that new activities to improve cooperation between entrepreneurs, researchers and advisers are needed. Attention must also be given to progeny of advisers.

Low awareness of research and development activities and poor cooperation between different stakeholders in the field of innovation threatens the sustainability of agriculture. An analysis of agricultural sciences conducted in 2012 revealed that while there is cooperation between research and development institutions, the potential of the sector is not being fully realized. Promoting cooperation is crucial as it helps to connect cutting-edge research and technology and agricultural producers, entrepreneurs and advisory services. While innovation has improved in the sector as a result of the implementation of ERDP 2007-2013, focus must be given on implementing the results of research in the future.

The rapid relocation of the population has also resulted in problems for the larger urban areas, because their growth has not been compact or concentrated in specific central points but rather dispersed compared to most countries characterised by rapid urbanisation¹¹⁰. Urban sprawl and increasing use of personal cars has had a number of unwanted consequences for the living environment of bigger urban areas, such as the inadequacy of transport and social infrastructure, the high energy consumption of the settlement system and the adverse environmental effects of intense commuting using cars (including noise), which reduce the value of the urban areas as a living environment. The proportion of journeys made using public transport has declined in bigger cities in Estonia, because the development of public transport has not kept up with the development of the settlement system. Due to the inadequacy of infrastructure the use of bicycles is relatively low as well.

¹⁰⁷Interim evaluation of the Estonian Rural Development Plan 2007-2013, Ernst&Young 2010

¹⁰⁸*ibid*

¹⁰⁹A vision of Estonian rural life based on the strategies of local action groups, Geomedia 2011

¹¹⁰OECD 2011, Redefining Urban: A new way to measure metropolitan areas in OECD countries

While the share of people living in Estonia's five larger cities and their hinterland who went to work on public transport, by bicycle or on foot was 60.6% in 2005, this indicator was just 48.5% in 2012¹¹¹.

The concentration of the population has also resulted in a significant increase in demand for services in major urban areas, particularly in new districts. This is the case in particular for childcare services. In 2012, there were 5900 children waiting for a place in a nursery school in Estonia, 4430 of them in the urban areas of Tallinn, Tartu and Pärnu¹¹². On the one hand, the shortage of childcare places close to home or the workplace prevents parents of young children from returning to employment, and on the other hand leads to forced mobility in urban areas, which increases CO₂ emissions and noise levels and impairs the living environment.

Although Tartu and especially Tallinn are the more highly developed regions in Estonia, their competitiveness is not sufficient to enable them to function as drivers of the economy and innovation comparable to other centres in the EU. In 2010, the GDP generated in Tallinn and Tartu per capita accounted for 74% and 45% of the EU average, respectively.

The problems of cities in Ida-Viru County result from the decline of former large-scale industry and a sharp decrease in population¹¹³. These cities are characterised by low entrepreneurial activity, high unemployment, a large proportion of underused urban areas and buildings and an unappealing physical environment that does not attract residents or businesses. Given their size, the potential of these cities to act as drivers of regional development has been underutilised.

The opportunities of local authorities to respond to these challenges are scarce, because in Estonia the share of the local and regional levels in public investments of the government sector as a whole is the lowest among countries with advanced economies, and the total revenue of local authority units has grown far more slowly than the revenue of the state in recent years¹¹⁴. Furthermore, the administration and development capacity of local authority units is very uneven. This is mainly due to the significant differences in the size, human resource capability and investment capacity of local authority units (Figure 10). Inadequate cooperation among local authorities and limited engagement of the private sector and civil society in promoting local development pose problems, as do the status of county development plans and the weak links of sectoral development plans with regional priorities.

¹¹¹Statistics Estonia. There are five functional urban regions in Estonia with a population exceeding 50,000 people: Tallinn, Tartu, Pärnu, Narva and Kohtla-Järve/Jõhvi. On the declining use of public transport, see also section 1.1.2.4 (2).

¹¹²Ainsaar, Soo 2012, Kohalikudomavalitsusedjalastegapered /Local governments and families with children/

¹¹³For example, the population of Narva decreased by around 15% during the period between censuses, from 2000–2011. Compared to the census of 1989, this decline amounts to as much as 30%.

¹¹⁴Regions at a Glance 2011, OECD 2011; The Objectives of Economic and Social Cohesion in the Economic Policies of Member States, EPRC 2010; Ministry of Finance <http://www.fin.ee/doc.php?108331>

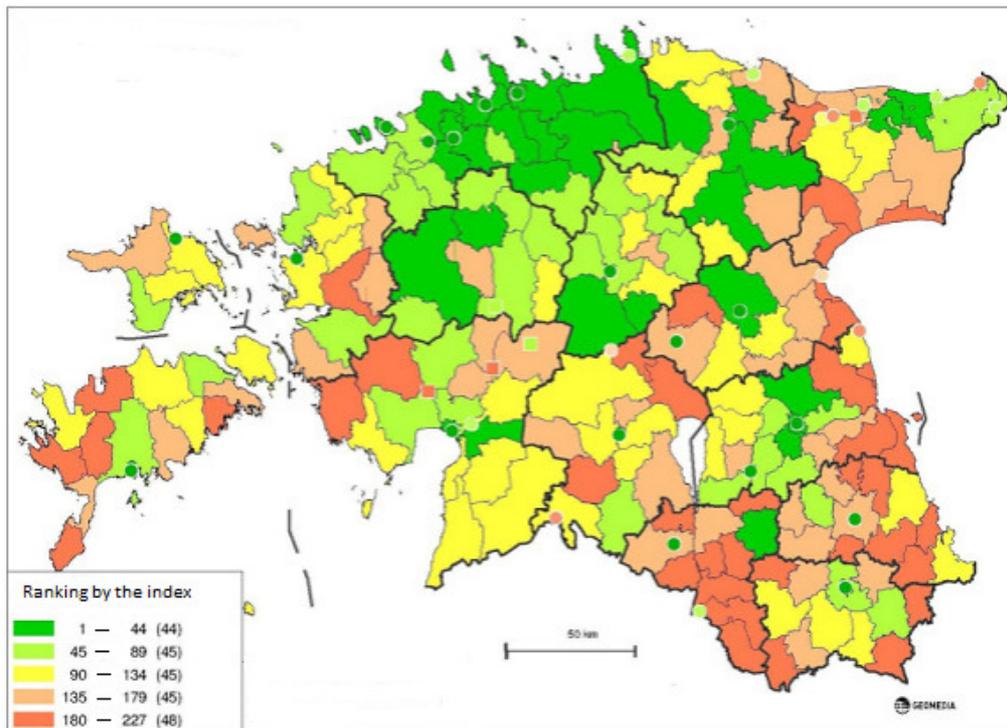


Figure 10. Local government capacity index values, 2009–2012

Source: Geomedia 2013

Factors requiring intervention¹¹⁵:

- 1) Strengthening the international competitiveness of larger urban areas through the promotion of a knowledge-intensive economy (TO 1).
- 2) Harnessing the CO₂ savings potential of larger cities through the development of a more sustainable mobility environment (TO 4). During the period 2007–2013, support will be provided for the development of public space and public transportation systems and the construction of roads for non-motorised traffic in five larger urban areas. A total of approx. 90 km of non-motorised traffic roads will be constructed, incl. a significant improvement in the development of the network of non-motorised traffic roads in the surroundings of Tallinn. Non-motorised traffic roads passing through the centre of Tallinn and connections between other cities and their hinterland require additional investment. To develop public urban space, including green zones, major projects will be implemented, especially in Pärnu, Narva and Jõhvi/Kohtla-Järve. Follow-up and additional activities will be needed in particular in cities in Ida-Viru County.
- 3) Creation of childcare facilities close to home in larger urban areas (TO 9). During the period 2007–2013, it was also possible to apply for support to create new childcare places in larger urban areas. A total of approx. 250 new places will be created during the period 2007–2013.
- 4) Development of the underutilised potential of cities in Ida-Viru County (TO 9).
- 5) Growth of entrepreneurship and its value-added and creation of new jobs outside of larger urban areas, in particular through the use of region-specific resources (TO 8). During the period 2007–2013, 21 projects involving the development of industrial and business sites outside of the urban areas of Tallinn and Tartu were supported (most of them in Võru and Ida-Viru counties) (according to data from 2013). As at 1 February 2013, 376 enterprises had benefitted from the projects and 933 new jobs had been created. The number of entities benefitting from the 54 projects involving the development of visitor environments will be specified in an upcoming study. Six regional competence centres were financed; most of them launched their activities in 2013. In future, the focus should primarily be on the development

¹¹⁵The factors requiring intervention were identified in the draft Estonian Regional Development Strategy 2020.

and more active use of the opportunities provided by existing and newly built infrastructure, solving the remaining bottlenecks and working more closely with the private sector.

- 6) Strengthening county centres as ‘centres of gravity’ and developing centre-hinterland connections (TO 8). During the period 2007–2013, support was provided for the development of the infrastructure of local public services outside of larger cities, incl. the renovation and construction of schools, nursery schools, social and cultural facilities. In smaller towns, support was provided for the conversion of buildings into multifunctional facilities. In future, more emphasis should be placed on the development of the infrastructure of high-quality trans-regional services in county centres, as well as transport connections within centres and between centres and hinterland, in order to increase the attractiveness of centres for residents and businesses and enhance the capacity of centres to cater to the development needs of their hinterland.
- 7) Preservation of the viability of sparsely populated peripheral areas through the development of smart solutions, including e-services, as well as by strengthening local initiative and community services (TO 11). During the period 2007–2013, a total of 2300 km of next-generation Internet connection base network was constructed under three different measures to create the preconditions for fast broadband Internet connectivity for more than 75,000 people outside of larger settlements. The development of entrepreneurship and employment should be based on region-specific problems and potential.
- 8) Strengthening the capability of local government officials and civil society, promoting cooperation between local and regional actors from all sectors and increasing the role of regional development plans in order to strengthen development capacity at the local and regional levels (TO 11).

The factors requiring intervention relate to the strategic objectives and Country-Specific Recommendations listed below, and addressing these factors will contribute to the achievement of several objectives under the EU Strategy for the Baltic Sea Region¹¹⁶.

Europe 2020 headline target	Current situation (Estonia)	Target for 2020 in the ‘Estonia 2020’ National Reform Programme
75% of the population aged 20–64 should be employed	71.7% in 2012 73,3% in 2013	76%
20% reduction in greenhouse gas emissions compared to 1990 ¹¹⁷	+6% (2010 emissions compared to 2005)	+11% (nationally binding target for non-ETS sectors compared to 2005)
3% of spending to be invested in R&D	2.37% of GDP in 2011 2.19% of GDP in 2012	3%
Country-Specific Recommendation No 2 of 2013: Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while		

¹¹⁶http://www.strukturifondid.ee/public/oigusaktid/LMS/LMS_EK_teatis_230312_est.pdf

¹¹⁷30% in the event of favourable conditions

increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.

Country-Specific Recommendation No 3 of 2013: Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in lifelong learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.

Country-Specific Recommendation No 4 of 2013: Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the development of cross-border energy connections to diversify energy sources and promote competition in the energy market.

Country-Specific Recommendation No 5 of 2013: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

1.1.4. *Priorities for funding*

To achieve a greater effect with ESI funds and greater changes, financing should focus on a limited number of key objectives that contribute most to the improved competitiveness of the state and meet our development needs.

Only **people** who have sufficient knowledge and skills, who are healthy and socially active, who are creative and show initiative, can find sources of economic growth, create new smart **jobs** and develop innovative solutions required by society. A shift towards a more **knowledge-based economy** is required to increase people's welfare and income. A favourable living environment (**good connection options, clean nature and efficient use of resources**) stimulates people's creativity and the competitiveness of enterprises and gives them a sense of security for the future.

Solutions for achieving the national objectives co-financed from the ESI funds are proposed in compliance with the following principles:

- 1) **focussed use of funds:** the funds should be concentrated to achieve a limited number of important strategic objectives, in order to achieve significant changes, capacity of use and better coordination;
- 2) **sustainable use of funds** (i.e. positive long-term impact): planning should take into account the long-term effect of activities and implementation capacity.

The proposal was drawn up and the alternatives were compared using the following selection criteria that clarified these principles:

- 1) compliance with the objectives and main courses of action of the 'Estonia 2020' National Reform Programme;
- 2) international cooperation options and value-added at the EU level;
- 3) (co)effect across policy areas;
- 4) leverage effect and increase of preparedness for the future;
- 5) sufficient concentration of funds; and
- 6) availability of suitable alternative funding options.

ESI funds are one-off leverage to achieve significant changes in Estonia. Their use should bring about a shift in development, increasing the efficiency, effectiveness or quality of target achievement in an area, sector or industry, and leading to positive long-term impact (e.g. initiation and implementation of structural reforms and key projects).

To select funding priorities, ministries analysed whether the national objectives and ways of achieving these comply with the agreed criteria. Umbrella organisations of social partners submitted their motivated positions on priority development needs. The Ministry of Finance aggregated and supplemented these arguments and consulted the Government Office, which is the coordinator of the 'Estonia 2020' National Reform Programme. The funding priorities were chosen bearing in mind that they should be in compliance (incl. eligibility and ceilings for financing of mandatory areas) with the draft regulations on the use of ESI funds. In addition, the Ministry of Finance followed the recommendations the Council of the EU and the European Commission made to Estonia in view of the 'EU 2020' strategy, the 'Estonia 2020' National Reform Programme and the Stability Programme during the European Semester as well as the Position of the Commission Services on the development of the Partnership Agreement and programmes in Estonia for the period 2014–2020.

Due to the above, Estonia will use ESI funding to contribute to the following objectives:

1. high quality and accessible education based on the needs of students and society;
2. a high employment rate and high-quality working life;
3. a knowledge-intensive and internationally competitive economy;
4. a clean and diverse natural environment and efficient use of resources; and
5. sustainable connections and mobility options, satisfying the population's needs and supporting entrepreneurship.

It is reasonable to co-finance these objectives and the associated changes from the ESI funds because they most closely accord with the 'Estonia 2020' National Reform Programme, provide significant value-added at the EU level, create synergy transcending all policy areas, improve Estonia's preparedness for the future, have a leverage effect and enable problems to be resolved and development needs to be met comprehensively.

1.2. Summarised main conclusions of ex-ante evaluations of Operational Programmes and Partnership Agreement

Preparations for the use of EU funding in the period 2014–2020 include ex-ante evaluation of the strategic planning documents to ensure, through objective evaluations and recommendations of the expert group, the best possible quality of development of the Partnership Agreement and Operational Programmes, which is a prerequisite for effective, efficient and integrated use of EU funding, as well as for the achievement of the objectives set.

The ex-ante evaluation of the Partnership Agreement and the Operational Programme for Cohesion Policy funding began in September 2012 and was carried out by a consortium comprising PRAXIS Centre for Policy Studies and CPD OÜ. The ex-ante evaluation, the programming of the EU funding and the development of the strategic planning documents took place simultaneously and in constructive cooperation between the evaluators and the Ministry of Finance. During the evaluation, external experts gave their opinions and, where necessary, made suggestions to adjust the plans, depending on the interim decisions made during the ongoing planning process.

During the evaluation, three reports were prepared. The first report was based on the selected foci and national objectives to be co-financed from EU funds, as approved by the Government of the Republic on 29 November 2012, and was completed in December 2012. The evaluation recommendations were discussed with the parties to the planning process and partners, and the 'problem tree' was improved to ensure clear-cut mapping of problems and a hierarchy of cause and effect.

On 20 June 2013 the evaluators presented the second interim report, in which they relied on the first complete versions of the Partnership Agreement and Operational Programme for Cohesion Policy Funds approved by the Government of the Republic. At this stage, the focus was on the EU's thematic objectives, investment priorities and specific objectives, and analysis focused on the links between the activities to be financed and the expected output and results. Attention was also paid to the bases and structure of the implementation system, including whether the information system is relevant and what monitoring and evaluation procedures have been proposed.

The observations of evaluators were mostly aimed at strengthening the internal coherence of the Operational Programme: they suggested that links between national objectives, the EU's thematic objectives, investment priorities, priority axes, specific objectives, measures and indicators should be highlighted more clearly.

The third and final evaluation report was submitted on the strategy documents that had been amended in accordance with the conclusions of the Cabinet discussion of 26 June 2013 and presented to the evaluators on 15 July 2013. These documents observed the amendment proposals received from ministries and partners and the European Commission in the meantime, as well as the suggestions set out in the interim report of the evaluators. The draft of the final ex-ante evaluation report was submitted to the Ministry of Finance on 2 September 2013. The evaluators found that the quality of the Partnership Agreement and the Operational Programme was satisfactory, but the recommendations set out in Annex 1 to the evaluation report should be implemented before the Partnership Agreement is finally approved by the Government of the Republic and submitted to the European Commission.

The evaluation results were presented to all parties involved in the programming of structural funds, and the issues highlighted were discussed with representatives of umbrella organisations operating in specific areas, which resulted in the preparation of a table setting out follow-up activities to the evaluation recommendations. The implementation of the evaluators' recommendations was discussed at workshops involving ministries, partner organisations and the evaluators themselves, who deliberated on necessary amendments to the description of development needs and the specification of objectives and results, and on whether the measures and activities planned for specific sectors would best achieve the objectives set in the Operational Programme and address the sectors' development needs. The workshops sought to find answers to the questions and issues raised and to agree on how and in regard to which aspects the Partnership Agreement and the Operational Programme for Cohesion Policy Funds should be improved. The ex-ante evaluators supported us with their expertise in this important process.

The ex-ante evaluators reviewed the table of follow-up activities prepared on the basis of comments and discussions, and the final report on the Partnership Agreement on using the EU funds during the period 2014–2020 and the Operational Programme for Cohesion Policy Funds was submitted to the Ministry of Finance on 29 November 2013.

In terms of scope and volume, the most important recommendation concerned the redistribution of activities under education and employment axes in the interests of intervention logic. As a result of discussions with ministries and the evaluators, and considering the scope of the thematic objectives and investment priorities, the formerly four priority axes were redefined as three priority axes. The first of these relates to the thematic objective concerning education and includes activities to enhance the quality and labour market relevance of education. The second priority axis relates to the thematic objective of social cohesion and involves the development of a variety of services (including social, welfare and healthcare services) in order to bring inactive people to the labour market or to prevent the deterioration of their situation on the labour market and to increase their social inclusion. The third priority axis primarily addresses the development of labour market services and the provision of these services to the unemployed in order to increase employment.

As a positive aspect of the priority axis of education, the ex-ante evaluators highlighted the focus on improving links between the labour market and the education system as the main challenge. These objectives are in line with the Lifelong Learning Strategy and other sectoral strategies and documents. The evaluators noted that the description of the development need should specify the causes of problems and explain which causes the proposed measures are supposed to address. It was recommended to describe better the direct links between activities, measures and specific objectives, and to make sure that all of the results formulated under the specific objectives would actually be covered by activities and be achievable. The target levels of result indicators were deemed to be rather modest and it was recommended to revise the baseline and target levels and to analyse their impact in terms of ensuring Estonia's socioeconomic development in the medium and long term. The evaluators' recommendations were taken into account in describing the development needs in the Partnership Agreement and in revising the objectives, indicators and interventions in the Operational Programme.

As a positive aspect of the priority axes of social cohesion and employment, the evaluators pointed out that, compared to the period 2007–2013, there is greater emphasis on promoting social inclusion, incl. the quality of welfare and healthcare services. For healthcare services it was highlighted that ensuring the availability of medical care in sparsely populated regions, incl. the role of health centres, needed further consideration. The evaluators also deemed it necessary to clarify how the more active participation of caregivers and people with activity limitations in employment would be ensured. They found that while the services and infrastructure to be created for caregivers and people with activity limitations have been thoroughly described, the description of how the willingness of employers to hire e.g. people with activity limitations would be increased was inadequate. As a result of the evaluators' recommendations, the Operational Programme now contains a more specific description of healthcare infrastructure-related interventions and their contribution to the achievement of objectives. Also, interventions aiming to integrate caregivers and people with activity limitations in employment are now more clearly described under the priority axis of social inclusion (specifically in the description of the development of welfare services and infrastructure) as well as under the priority axis of employment (specifically in the description of activities related to the working capacity reform).

As a positive aspect of priority axis 4, it was pointed out that greater orientation of the research system to the needs of the economy and society has now become equally important as research excellence, which to date has largely been the central goal of research policy. The intervention logic of the priority axis was generally clear and relevant but, based on the recommendations, the approach to options of smart specialisation, international cooperation and more efficient use of resources has been clarified in the description of interventions in the Operational Programme.

As regards priority axis 5, the evaluators found the objectives and activities to be targeted at the growth of enterprises and increasing their export capacity, which are important goals for Estonia as a small country with an open economy. In respect of the intervention logic the evaluators pointed out that the specific objectives 'employment and business activity have grown outside the urban areas of Tallinn and Tartu' was not directly related to the achievement of the general objective of 'a knowledge-intensive and internationally competitive economy' and recommended focusing more on the development of the business environment and less on the development of the living environment under this specific objective. The evaluators also noted that several indicators were heavily influenced by the overall development of the economy; that in some cases it would later be impossible to distinguish the impact of the measures (to identify cause and effect relationships); and that the target levels did not always reflect a leap in development – they may prove to be self-fulfilling. In order to specify indicators, it was recommended to choose those that would be more directly influenced by the support to be provided and to add an indicator that specifically reflected the availability of capital. Based on the recommendations, the interventions proposed under the specific objectives 'employment and business activity have grown outside the urban regions of Tallinn and Tartu' have been designed in such a way as to ensure that they are more directly related to the development of regions' business environments (including investments in social infrastructure). The selection of result indicators is based on the indicators specified in sectoral development plans (incl. the Entrepreneurial Growth Strategy) in order to ensure consistency between the Operational Programme and national development plans. The recommendation to add an indicator that reflects the availability of capital has been implemented as well.

As the strength of the energy efficiency priority axis, the evaluators highlighted the support for audit-based comprehensive energy-saving solutions (renovation of district heating networks, complete insulation of residential buildings and renovation of street lighting), which will create essential preconditions for achieving general energy efficiency and low-carbon economy objectives. It was found that support for the production and use of local biofuel (biomethane) will create prerequisites for replacing fossil fuels with local renewable fuels. The evaluators also noted that, in the case of the measure to support biomethane, the achievement of objectives will depend on the existence of refuelling infrastructure and the addition of a sufficient number of vehicles, which is why it is important to create a general positive background for the promotion of the use of methane fuels in transport. When reviewing the intervention logic of this priority axis, account was also taken of the analyses and studies conducted in connection with the renewal of the National Development Plan of

the Energy Sector and the discussions held in this process besides the proposals of the ex-ante evaluators and proposals resulting from the strategic environmental assessment.

For the 'water protection' priority axis it was noted that it clearly contributed to the achievement of the objectives of the EU Strategy for the Baltic Sea Region. Among other things, the activities proposed would reduce the eutrophication of the Baltic Sea and the discharge of hazardous substances into the Baltic Sea. As regards water management infrastructure, the evaluators pointed out that the achievement of the specific objectives would, to a considerable extent, depend on external factors such as the price of water and people's willingness to be connected to the public water supply and sewerage systems. It was found that the result indicators would measure resource efficiency only indirectly, and that sustainability was not addressed at all. It was recommended to create a clearer link between result indicators and the sustainability aspect of specific objective 1 and to consider issuing loans to target groups to help them cover the required self-financing. The ex-ante study of financial instruments to be conducted prior to the launch of interventions will address, among other issues and target groups, the options of possibly using financial instruments for the implementation of water management projects.

As the strength of the 'green infrastructure and emergency preparedness infrastructure' priority axis, it was pointed out that the proposed activities would help improve the status of endangered and protected species and habitats and increase the ability of ecosystems to provide services to society. The activities will also enhance Estonia's capabilities to respond to emergencies, specifically in the field of detecting and cleaning up marine pollution under the EU Strategy for the Baltic Sea Region, thereby reducing the pollution load from emergencies on the environment. The evaluators pointed out that the formulation of expected results should better describe the links between activities and specific objectives. They suggested that the result indicator related to marine pollution should be reworded so that the decrease in the level of the indicator would be consistent with it (e.g. 'small spills eliminated'). The intervention logic of the priority axis and the wording of specific objectives were amended and the proposed indicators were reviewed and partly replaced with new ones.

For the priority axis of sustainable urban development, the links with the development needs and the EU and sectoral strategies were found to be well defined. Concentrating on urban areas and specifically on Ida-Viru County is an important change – the focus was not as clear in the past. The preference for comprehensive solutions was seen as positive by the evaluators. They recommended formulating the expected result of the priority axis – the sustainability of larger urban areas – in a more focused way. It was proposed to reword the specific objectives of 'increased participation of parents with small children on the labour market', since the formulation referred to a specific objective relating to employment. This specific objective was replaced with a new one in the Operational Programme. The system of output and result indicators and the links between indicators were considered logical and relevant – output indicators lead to result indicators. Baseline and target levels were generally regarded as appropriate and clear. Although the evaluators found that the indicators of the priority axis would largely be influenced by external factors, they believed that the targets would likely be achieved. They recommended formulating the result indicators so that they would measure the impact of interventions, incl. abandoning or replacing the 'population living in areas with sustainable urban development strategies' indicator. The result and output indicators were reviewed, some were replaced and the indicator mentioned in the proposal was omitted.

For the transport priority axis, the evaluators found the proposed objectives, expected results and planned activities to be broadly in line with the development needs of Estonia and conducive to the achievement of the desired leap in development. The objectives were regarded as focused and oriented towards specific activities. The evaluators noted, however, that in the case of the indicators to be used to measure results the causal link between the activities proposed and the target levels pursued was weak and thus the achievement of the indicators' target levels with the help of the activities to be supported with structural funds was doubtful. It was recommended to take changes in external factors into account when determining indicators and their target levels. The evaluators also recommended using an additional, more meaningful indicator besides the number of road accidents, such as the capacity of road sections or the time needed to pass through road sections which have received investment during peak usage. The indicators were reviewed and partly replaced. Besides the

proposals of the evaluators, the priorities of the Transport Development Plan 2014–2020 were also considered when revising the intervention logic of the priority axis.

As a positive aspect of priority axis 11 ('infrastructure for ICT services'), the evaluators highlighted the clear focus on the creation of prerequisites for development in the ICT sector, as it is intended to support the development of the broadband network as well as the so-called soft infrastructure of services. Proposals were made with regard to the formulation and target levels of indicators. The evaluators found that the indicators did not cover all aspects of the priority axis and that indicators concerning the development of public services should be supplemented. Based on the recommendations, the wordings (which correspond, inter alia, to the indicators set out in the Digital Agenda for Europe) and target levels of the indicators were revised. The intervention logic was also amended in order to achieve the objectives set. The objectives have been set and the indicators have been selected in accordance with the Information Society Development Plan 2014–2020 and its goals, in order to ensure consistency between the Operational Programme and national development plans.

For the 'administrative capacity' priority axis, the evaluators found the objectives and proposed activities to adequately address the development needs of Estonian public administration through the development of individual capabilities (people's knowledge and skills), enhancing institutional capacity (processes and structures, incl. the development of policy-making and networks) and the development of capacity to provide services (improvement of public service delivery through ICT-related opportunities). The main recommendation was to pay separate attention to and describe the logic/mechanisms of creating links under the priority axes to ensure that the promoters of both priority axes know how to better plan the content (priorities) of measures. The recommendation of the evaluators was implemented by adopting a holistic approach to the development needs in the sphere of administrative capacity and by providing for the task of the priority axis steering committee to ensure coordination across measures and coherence between activities. The priorities of measures will be specified in conjunction with the steering committee to ensure that developments are implemented in a comprehensive manner, starting from the design and development of a public service, making the necessary changes in processes and management systems and training people.

As regards inclusion, the evaluators positively noted the fact that information about the planning process and the necessary materials was available, meetings had taken place as planned and people had been given the opportunity to ask questions and make suggestions. The evaluators recognised efforts to keep the process open and to inform the public and partners at every stage of the process, given the demanding schedule. On a negative note, they observed that the large volume of work in providing input may have limited opportunities to make the maximum contribution to content.

The implementation system as a whole was rated positively. Compared to other EU Member States, the system is already relatively efficient in Estonia. The structure of the system will be simplified in the new period: there will be fewer levels and transparency will improve. The evaluators pointed out that the application of simplification measures in practice should be planned more carefully and that monitoring reports should focus more on the analysis of results and of links between activities and results. The possibilities of applying simplification measures have been additionally analysed, and the proposed activities are described in section 2.6 of the Partnership Agreement. With a view to ensuring the quality of monitoring reports, the Structural Assistance Act provides that the obligation to draw up monitoring reports on the Operational Programme lies with the managing authority and that the reports will be prepared in cooperation with implementing agencies (providing sector-specific input) and the sub-committees of the Monitoring Committee.

For both monitoring and evaluation, the planned system as it stands meets the requirements and recommendations set out in the Commission's amended proposal on common provisions on the Structural Funds (COM(2013) 246 final) and in the evaluation and monitoring guidelines of the Commission. The ex-ante evaluators recommend focusing much more on impact assessments during the new period. This practice is still quite weak in many areas. Counterfactual evaluations could be carried out in the areas of education, employment, entrepreneurship, energy-efficiency, water protection, green infrastructure and urban development.

Most of the ex-ante conditionalities have been met or are most likely to be met in time. However, there are areas where the ex-ante conditionalities have not been met because the relevant strategies are still

in the phase of preparation or renewal (e.g. social welfare and healthcare). Certain risks are also present in the water sector, where there is no assurance that water service costs can be covered from the proceeds of service provision or with the help of public subsidies. The risk of general horizontal ex-ante conditionalities not being met is relatively small.

With a view to the integration of horizontal themes, a general impact analysis was carried out before designing specific interventions, as early as during preparation of the proposal to draw up a sectoral development plan, in order to identify effects on the horizontal themes. Where effects were material, more detailed analysis was conducted. When designing interventions, horizontal themes are integrated on the basis of specific guidelines providing for the objectives, priorities and criteria of horizontal themes. Entities responsible for interventions determine, in the early stages of designing the interventions and – where necessary – consulting the ministries responsible for horizontal themes, which aspects of which horizontal themes should be taken into account when drafting the terms and conditions of a particular intervention and what the optimal way of doing this is.

As regards the feasibility of the funding programme, the authors of the final report on ex-ante evaluation, which was submitted on 29 November 2013, found that it may be presumed (with some exceptions, such as sustainable city transport, revenue from the sale of new products, number of doctoral degrees obtained, teaching materials) that in the majority of areas *the proposed funding is sufficient to achieve the desired results* (see Chapter 5.1 of the evaluation report), even if the results are not achieved in some areas due to external factors (see Chapter 2 of the evaluation report). The allocation of funds to priority axes is also justified in most cases, such as increased investments into cooperation between R&D institutions, energy efficiency and the development of public services. Less but still sufficient resources are invested into the water and transport sectors. In terms of education, the evaluators pointed out that education and its compliance with the requirements of the labour market is one of the five national priorities as well as one of the priorities of Europe 2020 and Estonia 2020; therefore, it seems that the proportion of funds allocated to this sector is small. *The allocation of funds within priority areas* is justified in most cases.

The evaluators analysed the compliance with EU and national strategy documents, including the country-specific recommendations, for each priority axis separately (Chapter 2 of the evaluation report). The general objectives of the partnership agreement and specific objectives of priority axes support the achievement of the objectives of the Europe 2020 strategy (see Chapter 6). The priority axes contribute to the achievement of all thematic objectives. While this can be considered a strength, it is also a weakness. Certain high-priority thematic objectives are not addressed: the funds are scattered between thematic objectives and none of them can achieve the impact they would have had if the funds were more focused.

On 12 May 2014, the evaluators submitted the final report on the use of EU funds in the period 2014-2020 under the Partnership Agreement and Operational Programme that had been approved by the Government of the Republic and submitted to the European Commission for approval on 25 February 2014. They also looked at how the recommendations had been followed and which follow-up measures had been implemented. The results are annexed to the final report in the form of a table. The evaluators pointed out that both the Partnership Agreement and Operational Programme address the most important challenges faced by Estonia, contributing to the achievement of European objectives.

In the course of planning, the activities were deemed to be focused and that the most important problems and solutions that contribute to the objectives of both Estonia 2020 and Europe 2020 have been identified. In some areas there are still some development needs that will be addressed by using national resources.

Parallel to the ex-ante evaluation, the strategic environmental assessment (SEA) of the Partnership Agreement and Operational Programme was carried out by Hendrikson ja Ko OÜ, which submitted the interim SEA report on 20 June 2013. It concluded that the implementation of the proposed objectives and measures is not expected to result in any negative effects on the natural or social environment. Rather, all of the proposed activities aim to increase positive effects. The most important

recommendation resulting from the evaluation concerned the need to describe the contribution to environmental and climate objectives as a horizontal principle.

The final SEA report was prepared on the basis of the versions of the Partnership Agreement and Operational Programme of 15 July 2013 and submitted to the Ministry of Finance on 5 September 2013. The SEA report was displayed to the public from 15 August to 5 September 2013 and a public discussion was held on 6 September 2013. Chapter 7 of the SEA report on the Partnership Agreement and Operational Programme discusses the proposals of the SEA expert to amend the Partnership Agreement and Operational Programme.

The SEA report proposed aligning all priority axes' specific objectives and indicators specified in the Operational Programme with environmental goals to the maximum extent possible. Experts recommended adding a requirement that no specific objectives or priority axis contradict environmental or climate objectives as well as horizontally integrating the intervention mechanisms of energy and resource-saving solutions in all priority axes. The evaluators also indicated the importance of linking social cohesion with investment priorities' specific objectives and indicators to a greater extent in order to advance endeavours to achieve a cohesive society (greater contribution of non-Estonian population to the daily functioning of Estonian society and reduction in gender differences).

According to SEA experts, the Partnership Agreement and Operational Programme for Cohesion Policy Funds for 2014–2020 do not set any objectives or development priorities whose implementation could have a negative impact on the natural environment. They did not suggest any additional monitoring measures to evaluate or minimise adverse environmental effects.

In Estonia, the monitoring of a number of environmental spheres is regulated by legislation and carried out as state monitoring through sectoral development plans. Agencies overseeing a sphere must take care of the environment in their respective administrative areas, reducing the risks that may arise from proposed activities and directing the comprehensive implementation of new projects. The Estonian environmental monitoring system as a whole and the procedures of financing operational programmes should exclude the funding of projects with significant adverse environmental effects.

The Environmental Board approved the SEA report on the Partnership Agreement and Operational Programme by its letter No. 6-8/13/24066-2 of 22 November 2013. Having examined the SEA report and the views of experts, the Environmental Board did not consider it necessary to require any further monitoring measures, and it deemed national environmental monitoring to be sufficient.

Based on the ex-ante evaluation and SEA recommendations, necessary amendments were introduced to the Partnership Agreement and Operational Programme. The final evaluation reports will be submitted to the European Commission with the Partnership Agreement and the Operational Programme for Cohesion Policy Funds.

The strategic assessment of environmental impact was carried out by Hendrikson ja KO OÜ. The project report was submitted on 29 April 2014. The report included a final analysis about how the recommendations by experts had been followed by the Partnership Agreement and the Operational Programme for Cohesion Policy Funds, which were approved by the Government on 25 February 2014. Again, the evaluators pointed out that sustainable development as a horizontal principle requires the observance of the environmental protection provisions of the community's legal framework in all priority areas. Sustainable development as a horizontal theme has been dealt with in detail in the Partnership Agreement and the following paragraph was added: "in order to take the horizontal theme into account when planning interventions funded from the ESI Funds it is considered which conditions and criteria that support the objectives of sustainable development, environmental protection and/or climate policy are relevant when taking into account the goals of the interventions and the proposed actions. The results are used to define prerequisites (e.g. the eligibility criteria for beneficiaries), prepare supporting actions, calculate costs and define selection criteria, etc. Also, the indicators of the potential environmental impact, which are included in the project applications and monitored in the course of implementing the projects, are defined by taking into account the nature of the interventions".

The proposals are partly reflected in Chapter 1.5 of the Partnership Agreement “Application of horizontal principles and policy objectives for the implementation of the ESI Funds”, which are referred to in the context of different priority areas of the Operational Programme.

In addition, the consideration of horizontal principles has been explained in detail under different priority areas (subchapters: The guiding principles of selecting support actions within an investment priority), including sustainable development and the relevant horizontal principles, such as how to achieve the resource and energy saving objectives and follow the principles of green management.

The SEA expert group also found that all recommendations concerning indicators have been followed in preparing the Operational Programme and that considerable progress has been made in developing the indicators (see the table on p. 28 of the final evaluation report).

The Ministry of Agriculture was in charge of the ex-ante evaluation of the Rural Development Plan 2014–2020. The evaluation was carried out in close cooperation with the Ministry of Agriculture, the working groups/committees involved in preparations for the new period and the permanent evaluators of the Rural Development Plan for the period 2007–2013: the Estonian University of Life Sciences and the Agriculture Research Centre. The ex-ante evaluation was conducted in parallel with the drafting of the Rural Development Plan 2014–2020, which enabled input from the evaluation to be taken into account when compiling and designing the individual parts of the Development Plan.

The ex-ante evaluation for the period 2014–2020 was carried out by Ernst & Young Baltics AS, who were contracted through a public procurement procedure. The contract was signed on 23 April 2012 and set out the task of the evaluator as carrying out the ex-ante evaluation and strategic environmental assessment of the Rural Development Plan 2014–2020. The assessment was conducted by Hendrikson & KO OÜ, with whom Ernst & Young Baltic AS had submitted a joint tender.

Main conclusions and recommendations of ex-ante evaluator

- The analysis of the situation in the RDP 2014–2020 essentially covers the key issues.
- Links between the SWOT analysis and the RDP 2014–2020 strategy are not always obvious.
- The ex-ante evaluation did not reveal any significant inconsistencies with EU-level guidelines or national development plans.
- The planned measures are generally appropriate to achieving the general objectives of the RDP, i.e. they will contribute to the fulfilment of the objectives.
- The priorities are largely consistent with the development needs outlined in the analysis of the situation and in the SWOT analysis.
- The expected result should be more clearly expressed in the wording of objectives.
- Impact indicators and their consistency with the general objectives of the RDP should be improved.
- Indicators related to the target areas should be specified to ensure that they reflect the results of the activities to be carried out.
- Measure-level output indicators generally do not enable the actual contribution of the measures to the achievement of the objectives/change in the situation to be measured.
- The choice of measures is appropriate and the objectives of the measures are consistent with the general objectives of the RDP (the measures are well-founded).
- The measures are largely in line with the problems described in the analysis of the situation; minor amendments are needed (improvement in the logic of planning).

Based on the recommendations of the ex-ante evaluator, the analysis of the situation in the RDP was amended; a summary of needs was added; the SWOT analysis was supplemented; a more detailed description of the intervention logic was added to the chapter discussing the strategy; and impact indicators were specified for the objectives of RDP 2014–2020.

1.3. Selected Thematic Objectives and main results expected

The framework and logic of strategic planning and coordination of the planning, use and monitoring of resources from various financing sources are described in section 2.1. In section 1.3, activities planned to be implemented with the help of sources of financing external to the ESI Funds are mentioned only if these make a significant contribution to the thematic objectives and have synergy with the interventions planned to be implemented with the support of ESI Funds.

Based on the analysis of development needs (section 1.1), Estonia will focus on the following thematic objectives in financing funding priorities and achieving results:

1.3.1. *Strengthening research, technological development and innovation*

Estonia aims to increase R&D investments to 3% of GDP (2.19% in 2013) and the employment rate of the 20–64 age group to 76% (73,3% in 2012) by 2020. To increase R&D investments, new sources of growth need to be found in the economy, the innovation and export capacity of enterprises needs to be improved and the local impact of research needs to be increased. The increase in investments, however, must come primarily from the private sector (R&D of enterprises). Investments will also contribute to achieving the objective of increasing employment as they will create new jobs with high value-added. In addition, investments will contribute to the higher productivity objective stipulated in 'Europe 2020' and the 'Estonia 2020' National Reform Programme.

Within the objective to strengthen research, technological development and innovation, attention will be paid to the development need to find new sources of growth, make economy more knowledge-intensive and increase the impact of Estonian research (section 1.1.2.1) and to the development need to increase the export capacity and growth potential of Estonian enterprises (section 1.1.2.2). To improve resource efficiency, attention will also be paid to the development need to make more efficient use of natural resources and make reduce the energy- and carbon-intensity of (see section 1.1.2.3).

Interventions should implement the following policy priorities of the government regarding the competitive economic environment stipulated in 'Estonia 2020': 'Improving the quality of the educational system and adapting it to demographic changes'; 'Increasing the international competitiveness of higher education'; 'Creating preconditions for increasing the volumes of R&D in the private sector and increasing the number and quality of innovation outputs'; 'Shaping a policy that promotes long-term growth in the international competitiveness of enterprises'; and 'Reducing the general resource-intensity, including energy-intensity, of the economy'. The activities will support the achievement of the objectives of the Entrepreneurial Growth Strategy 2014–2020 and the RD&I Strategy 2014–2020.

European Regional Development Fund (ERDF)

All EU co-financed ERDF investments in thematic objective 1 will be fully in line with the smart specialisation framework, which consists of the RD&I Strategy and the Entrepreneurial Growth Strategy. Its priorities will be supported in all development plans with the aim of supporting the development of the growth sectors chosen using the smart specialisation methodology. Progress towards smart specialisation objectives is also linked to the development plans of other sectors, including the Information Society Development Plan 2014–2020, the Lifelong Learning Strategy 2014–2020 and the Rural Development Plan 2014–2020. The smart specialisation growth areas chosen are information and communication technology (hereafter 'ICT') in all sectors, healthcare technologies and services, and more efficient use of resources¹¹⁸ (considering the smart specialisation methodology, the selection of sectors may change during the period). A more detailed analysis of the in sub-sectors of the above areas will be continued so that narrower niches with more potential for success can be found in cooperation with entrepreneurs. In addition, R&D-related activities will support the

¹¹⁸Smart specialisation – Qualitative analysis. Estonian Development Fund (http://www.arengufond.ee/wp-content/uploads/2013/04/Estonia_Smart_Specialisation_Qualitative_Analysis.pdf)

institutional reforms of universities and R&D institutions, high-level research, international cooperation (incl. synergy with the EU 'Horizon 2020' research framework programme), the mobility of students, university teachers and researchers and the emergence of their next generation. The activities will also ensure modern infrastructure (of both organisational and national importance) and continue to popularise research. As for entrepreneurship, support will be given to the promotion of technological innovations to improve resource efficiency and increase the share of waste recycling in production. Furthermore, a measure will be devised to provide influential enterprises with comprehensive development support to plan and realise their growth ambitions.

The proposed interventions should result in the increased local socio-economic impact of the RD&I system and increased value-added of growth-sector enterprises via smart specialisation and sectoral applied research. Estonian enterprises should produce products with high value-added and offer innovative services. Estonian R&D and higher education should have higher international competitiveness and cater more to the needs of enterprises and the society. Resource efficiency, incl. energy efficiency, and the recycling of waste and materials are expected to increase in manufacturing.

Interventions planned under this Thematic Objective will contribute to implementing Country-Specific Recommendation No 3¹¹⁹ as they will better link R&D, including higher education, to the needs of the economy and foster cooperation between sectors.

Interventions financed from the ERDF have to be devised and implemented in coordination with the education, employment and social inclusion measures financed under Thematic Objectives 8, 9 and 10.

European Agricultural Fund for Rural Development (EAFRD)

The objectives of the Rural Development Programme 2014–2020 include up-to-date R&D, knowledge transfer and well-functioning cooperation between producers, processors, advisors and researchers. The main focus of the knowledge transfer is on the cooperation of various parties, which is expected to result in more extensive application of R&D results in practice. The functioning of an integrated, high-quality and balanced advisory system, which is capable of further development, has to be ensured. In order to increase the capacity to provide professional advisory services, professional bodies and associations should be involved in the advisory system and comprehensive training programmes should be organised for advisors.

The Rural Development Plan has connections with smart specialisation, especially in the context of adding value to resources and with regard to food that supports health. Within the various activities to be carried out under the Rural Development Plan, attention will also be paid to how local raw materials can be turned into products with as high value-added as possible. For this purpose, several types of investment support for production and processing have been envisaged. One contribution to the production of food that supports health is various types of environmental subsidies to ensure raw materials that have been produced in an environmentally friendly way. This is also supported by measures that contribute to quality, i.e. various investments and quality programmes. This approach also prioritises activities related to knowledge transfer: training, consulting, and cooperation between producers and the R&D sector through the European Innovation Partnership.

1.3.2. Enhancing access to, and use and quality of, information and communication technology (ICT products, services and applications)

Information and communication technology (ICT) is one of the most common means of increasing the competitiveness of any economic sector or field of life. In the analysis conducted by the Estonian Development Fund, the economic growth induced by the ICT sector is estimated to be in the range of

¹¹⁹Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in lifelong learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.

0.9%–1.3% in Estonia this decade¹²⁰. The European Union, too, considers ICT to be a key sector¹²¹ fostering which will help the Union progress towards the ‘EU 2020’ objective of ensuring smart, sustainable and inclusive economic growth in Europe. In order to achieve the objective of the Digital Agenda for Europe – universal broadband coverage at 30 Mbps, investments into Next Generation Access Networks (NGAs)¹²² should be continued. In line with the National Reform Programme ‘Estonia 2020’ and the Information Society Development Plan, support will be given to the construction of the basic new-generation broadband network in market-failure areas, development of basic e-service infrastructure for joint use by the public and private sectors, implementation of activities that are based on the infrastructure and improve the availability and standard of e-services, thus creating opportunities for both the public and private sectors to develop and use new and innovative e-services, thereby contributing to the development of many other policy areas and the increased international competitiveness of Estonia. With EAFRD funding, support in the form of targeted investments will be provided to create access to the basic broadband network; the investments will be eligible under the ‘LEADER’ local development measure. As such, if there is a need to construct a basic broadband network in a certain area and the local community considers it important to invest in it, this can be done on the basis of local development strategies. In addition, various investment measures (investments in the improvement of the performance of farms, investments in the processing and marketing of agricultural products and investments in the diversification of economic activities in rural areas, towards non-agricultural activities) include eligible investments in access to broadband. Within this Thematic Objective, the focus will be on development needs to find new sources of growth, to make the economy more knowledge-intensive and to increase the impact of Estonian research (section 1.1.2.1) by developing basic infrastructure. In addition, the interventions will contribute to the implementation of the following policy priorities of the government: ‘Broader use of the potential of creative industries, ICT and other key forms of technology to raise value-added in other sectors’ and ‘Bringing transportation, ICT and other public infrastructure and institutions that support business to an international level’.

European Regional Development Fund (ERDF)

As a result of interventions, a fast broadband connection should be available and more widely used across Estonia and a joint service space of the public and private sectors will be developed and introduced to support the development and use of new e-solutions.

European Agricultural Fund for Rural Development (EAFRD)

EAFRD support for investments in the broadband basic network will be eligible under the ‘LEADER’ local development measure. So if there is a need to construct a basic broadband network in a certain area and the local community considers it important to invest in it, the investments can be made on the basis of local development strategies. In addition, various investment measures (investments in the improvement of the performance of farms, investments in the processing and marketing of agricultural products and investments in the diversification of economic activities in rural areas, towards non-agricultural activities) include eligible investments in access to broadband which contribute to the objective of the main investment.

¹²⁰Estonian Development Fund, Smart Specialisation – Activities. Analysis of Bottlenecks and New Opportunities, 2013

¹²¹Digital Agenda for Europe is one of the seven flagship initiatives of the EU for the implementation of ‘Europe 2020’.
<http://ec.europa.eu/digital-agenda>

¹²²Fixed broadband was accessible to 87.8% of households in Estonia, but the EU average was 95.5%.

1.3.3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)

The 2020 target for Estonia is to increase productivity per employee to 73% of the EU average by 2015 and to 80% by 2020 (from 68% in 2011). One of the main objectives is also to increase the share of Estonian exports in world trade to 0.11% by 2020. To increase productivity and export volumes, enterprises must be provided with better access to capital. The issue of financing capacity becomes acute due to limited resources in the expansion and growth stages of enterprises. Also, support should be provided for start-ups, enterprise development and improvement of efficiency. Cooperation should be fostered as well.

Under the objective of improving the competitiveness of SMEs, the development need to improve the export capacity and growth potential of our enterprises (as they are mainly SMEs) (section 1.1.2.2) will mainly be addressed. Investments are planned on the basis of the Entrepreneurial Growth Strategy, Rural Development Plan, Tourism Development Plan and Fisheries Development Strategy to contribute to the growth of competitiveness, employment and productivity and reduction in poverty and social exclusion objectives of 'Europe 2020' and 'Estonia 2020' and to meet the challenge to create a competitive business environment, as stated in the 'Estonia 2020' National Reform Programme. Within EAFRD, various investment support options for agriculture and food processing industry and support to beginning farmers and various joint activities are planned. Within EMFF, measures for product development, production cycle optimisation and joint activities are planned.

European Regional Development Fund (ERDF)

ERDF support will contribute to increase in the export capacity and value-added of enterprises (incl. strengthening the links of creative industries with other sectors of the economy); to increase in the entrepreneurial activity of Estonia's population; to the realisation of the growth potential of enterprises (incl. development of regional entrepreneurship, creative industries and export of tourism services); and to improved access of SMEs to capital. Interventions will result in Estonian enterprises being more successful in offering products and services with high value-added, as well as in increased export volumes and value-added of Estonian enterprises.

European Agricultural Fund for Rural Development (EAFRD)

One of the objectives of the Rural Development Plan 2014–2020 is a competitive and resource-efficient agricultural sector that has a sustainable age structure and is oriented towards viable and sustainable food production. The main focus is on structural changes designed to improve the preparedness of the sector for the future. Another objective of the Rural Development Plan 2014–2020 is market power of enterprises producing and processing agricultural produce and their cooperation in regard to production, processing and marketing. More attention will be paid to adding value to agricultural produce and products with higher value-added.

European Maritime and Fisheries Fund (EMFF)

The aim of the Estonian Fisheries Strategy 2014–2020 is sustainable development of the sector and improved competitiveness of its products in domestic and foreign markets. Support to investments in fish landing sites to ensure the high quality of landed fish is planned. Attention will be paid to product development in order to develop new products, adding value to fishery products, introduction of new technologies with a view to reducing resource intensity and production costs, diversification of activities of people working in the fisheries sector, and joint activities to improve the market power of enterprises engaged in the production of fisheries products. Cooperation between research, development and educational institutions and the fisheries sector will be fostered. Product development and technological capacity will increase, including introduction of alternative energy and energy saving technologies. A multi-annual strategic plan will be prepared to map the development needs of aquaculture.

Interventions will also contribute to achieving the objective that, since fishing is a seasonal activity, people engaging in fishing in coastal regions should have additional sources of income. Local resources will also be used in the sustainable development of coastal regions. A contribution will also be made to increasing the competitiveness of coastal fishing.

1.3.4. Supporting the shift towards a low-carbon economy in all sectors

Under this Thematic Objective, it is intended to address the development need for more efficient use of natural resources and a less energy- and carbon-intensive economy (section 1.1.2.3.) by investing in the improvement of resource efficiency, reduction of energy intensity and promotion of sustainable energy production. In part, the development needs for improvement of sustainable options for the connection and movement of people and goods (section 1.1.2.4.) and for harnessing the CO₂ saving potential of cities (section 1.1.3.) will also be addressed – through the development of environmentally friendly public transport and mobility environment in urban areas. Investments are planned to contribute to the achievement of the competitiveness objectives of ‘Europe 2020’ and the National Reform Programme ‘Estonia 2020’, the objectives of the National Energy Sector Development Plan 2020, the environmentally sustainable economy and energy sector challenges of ‘Estonia 2020’, incl. the objectives of increasing the use of renewable energy, achieving greater energy efficiency and reducing greenhouse gas emissions, and the horizontal priorities of higher productivity and compliance with the greenhouse-gas emission ceiling in the State Budget Strategy. Also, interventions will contribute to the objective of the Regional Development Strategy 2020 to develop sustainable and attractive urban space and mobility environment. To implement energy projects that contribute to the achievement of the same objectives, it is intended to apply for funding from the energy component of the Connecting Europe Facility, keeping in mind the Baltic Energy Market Interconnection Plan, and contributing to, inter alia, the objective of the EU Strategy for the Baltic Sea Region to connect the Baltic energy markets with the rest of the region.

The proposed interventions will also contribute to the implementation of the Commission’s Country-Specific Recommendation No 4 for 2013, i.e. ‘Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up development of cross-border energy connections to diversify energy sources and promote competition on the energy market.’ The Government’s policy priority of implementing long-term structural changes in the energy sector in harmony with Estonia’s energy security and energy efficiency objectives will also be pursued.

European Regional Development Fund (ERDF)

Interventions will promote a human- and environmentally friendly urban space that integrates different modes of mobility with a view to increasing the share of people who use public transport, go on foot or ride a bicycle. Depending on the priorities set out in the strategies of the urban areas, investments are also intended to be made in non-motorised traffic roads, linking the different modes of mobility, and public transport systems.

Cohesion Fund (CF)

Interventions are expected to enhance the use of energy-efficient and environmentally friendly solutions in local infrastructure (district heating networks and street lighting). Activities will also contribute to an increase in the share of energy from renewable sources in final consumption and promote the production of renewable energy-based transport fuels. Comprehensive reconstruction will result in the improved energy efficiency of the housing sector (multiapartment buildings).

European Agricultural Fund for Rural Development (EAFRD)

The Rural Development Plan 2014–2020 will contribute to the objective mainly through the improvement of the economic and ecological viability of forests and partly by investments in the processing and marketing of agricultural products. In addition, agricultural investment support will be provided under the Rural Development Plan 2014–2020 for renewable energy-related investments. To stimulate such investments, relevant projects will be preferred in the selection projects.

In the field of forestry, the measure for improving the economic value and viability of forests is implemented. The aim of the measure is to improve the viability and economic value of forests, prevent and remove any damage caused to forests and to restore damaged forests.

1.3.5. Promoting climate change adaptation, risk prevention and management

Under this Thematic Objective, it is intended to address, in particular, the development needs for a clean and diverse natural environment and more efficient use of natural resources (section 1.1.2.3.) by supporting the prevention of emergencies brought about by climate change and contributing to the preservation of the clean natural and living environment. Investments are planned to contribute to the achievement of the climate change adaptation objective of 'Europe 2020' and the National Reform Programme 'Estonia 2020' and to meeting the environmentally sustainable economy and energy challenges of 'Estonia 2020'.

The proposed interventions will contribute to reduction in the adverse environmental impact of human activities (incl. the economy and water transport) and will also indirectly help to implement the Commission's Country-Specific Recommendation No 5 for 2013, i.e. 'More effectively balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.'

Cohesion Fund (CF)

Interventions will enhance risk prevention and management and improve ability to cope with emergencies resulting from climate change and extensive pollution incidents, thereby contributing to reduction in CO₂ emissions.

European Agricultural Fund for Rural Development (EAFRD)

The Rural Development Plan 2014–2020 will contribute to this objective mainly through various types of agri-environmental support and through organic farming. The following measures contributing to Thematic Objectives 5 and 6 are implemented: support for environmentally friendly farming, regional soil protection support, support for environmentally friendly gardening, support for growing local plant varieties, support for keeping endangered breeds of farm animals, support for maintaining semi-natural biotic communities, organic farming support, Natura 2000 support to agricultural land, Natura 2000 support to private forest lands, and support to improve the economic and ecological viability of forests.

1.3.6. Protecting the environment and promoting resource efficiency

Under this Thematic Objective, it is intended to address the development needs for a clean and diverse natural environment and more efficient use of natural resources (section 1.1.2.3.) by investing in water protection and nature conservation. The EU Biodiversity Strategy (COM(2011) 244) and the EU Green Infrastructure Strategy (COM(2013) 249), which is part of the Roadmap to Resource Efficient Europe under 'Europe 2020', will be implemented under the Thematic Objective. Investments are planned to contribute to the sustainable economic growth objectives of 'Europe 2020' and the National Reform Programme 'Estonia 2020', the horizontal priority of higher productivity in the State Budget Strategy, and to meeting the environmentally sustainable economy and energy challenges of 'Estonia 2020'.

The proposed interventions will contribute to improved resource efficiency and reduced negative environmental impact of human activity (incl. the economy and transport) and indirectly also to the implementation of the Commission's Country-Specific Recommendation No 3 for 2013, i.e. 'Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions'.

The interventions will be based on the Prioritised Action Framework for Natura 2000 (PAF) that was drawn up on the basis of the Nature Conservation Development Plan 2020 and submitted to the European Commission, action plans concerning habitat types, water catchment area management plans, public water supply and sewerage development plans, and the results achieved and experience obtained during the period 2007–2013. The interventions will also help achieve the objectives of the EU Birds and Habitats Directives, and the targets set out in the EU Drinking Water and Urban Wastewater Treatment Directives, the EU Water Framework Directive, the Marine Strategy

Framework Directive, the Action Plan of the EU Strategy for the Baltic Sea Region and the HELCOM Baltic Sea Action Plan.

Cohesion Fund (CF)

Interventions will ensure access to drinking water that meets quality requirements in water supply systems serving more than 2000 people, and compliant wastewater collection and treatment in agglomerations with over 2000 p. e. Methods to ensure connection to the new water supply and sewerage systems and the maximum use of the results of the measure include *inter alia*: free of charge connection for certain period after project completion; the obligation to obtain the consent of residents to connection when applying for support for projects; media campaigns and direct contacts with potential joiners to promote joining; promotion of the understanding that it is more economical for households to join the public water and waste water systems as the operating costs for individual systems are higher; as well as water companies offering to carry out the actual joining work within the plot of the household to be joined, supplemented by interest-free distribution of costs for this over a period of time. The spread of contaminants into surface water and groundwater will be stopped in rehabilitated areas, and a natural water regime and wetlands as a natural ecosystem will be restored in abandoned peat production areas in order to create preconditions for achieving a good status of water bodies. In the context of rehabilitating water bodies, preconditions for achieving or preserving their good status will be created. The status of protected species and habitats will improve, which will directly contribute to the preservation of biodiversity and the functioning of green infrastructure.

European Agricultural Fund for Rural Development (EAFRD)

One of the objectives of the Rural Development Plan 2014–2020 is environmentally friendly use of agricultural land, taking into account regional characteristics, and preservation of biodiversity, traditional landscapes and agriculture and forestry of high natural value. The main focus will be on active environmental measures that should result in the more favourable impact of agriculture on water, soil and biodiversity: various types of agri-environmental support and support for organic farming are being planned. A specific measure for soil protection will be implemented. The various types of environmental support will also be conditional on meeting the requirements that are aimed at ensuring the quality of soil and water. The following measures contributing to Thematic Objectives 5 and 6 are implemented: support for environmentally friendly farming, regional soil protection support, support for environmentally friendly gardening, support for growing local plant varieties, support for keeping endangered breeds of farm animals, support for maintaining semi-natural biotic communities, organic farming support, Natura 2000 support to agricultural land, Natura 2000 support to private forest lands, and support to improve the economic and ecological viability of forests.

European Maritime and Fisheries Fund (EMFF)

The objective is to ensure the exploitation of fish stocks at maximum sustainable yield levels, achieve a favourable status of fish stocks and stop discards of fish that no longer have the capacity to live. Interventions are intended to promote the introduction of energy-saving technologies in the production and processing of fishery products, as well as the production of renewable energy by enterprises engaged in fish processing, which would cover their energy needs. The status of the marine environment will be mapped under the Estonian Marine Strategy; based on this, EMFF measures can be linked to the Estonian Marine Strategy, if necessary. The support measures are in line with the Marine Strategy Framework Directive and the Action Plan of the EU Strategy for the Baltic Sea Region. As Estonia has transposed the Water Framework Directive, the requirements of this directive are met in the construction phase of facilities. In addition, pollution charges have been introduced in aquaculture sector with the aim of promoting preservation of natural environment.

1.3.7. *Promoting sustainable transport and removing bottlenecks in key network infrastructures*

Under this Thematic Objective, it is intended to address the development need for improvement of sustainable options for the connection and movement of people and goods (section 1.1.2.4) in the

transport sector. Investments are planned to contribute to the competitiveness objectives of 'Europe 2020' and the National Reform Programme 'Estonia 2020' by eliminating bottlenecks in cross-border connections in the Trans-European Transport Network (TEN-T). It is also intended to contribute to sustainable growth under the Transport Development Plan 2014–2020 and its implementation plans, and to achieving the horizontal priority of higher productivity in the State Budget Strategy. Specifically, investments will focus on improving the overall quality of the road network and on increasing its safety and, where necessary, capacity; improving the overall quality of the rail network, reducing travel time and, where necessary, increasing its; improving safety, regularity and capacity in maritime transport; and reducing environmental risks and increasing safety in airports. Particular attention will be paid to the integration of different modes of mobility and to the development of an urban mobility environment. In cooperation with neighbouring countries and with support from the Connecting Europe Facility it is planned to launch the construction of the Rail Baltic fast rail link in order to improve connections between different parts of Europe and make better use of passenger and freight transport potential. Estonia's contribution to the Connecting Europe Facility from the Cohesion Fund in the field of transport is estimated to amount to approximately 190 million €.

Expanding mobility options are accompanied by growth in transport greenhouse gas emissions. In addition to the proposed investments in the development of public transport and an integrated urban mobility environment, this trend is being curbed with the help of a number of investments made during the period 2007–2013, the impact of which has not yet manifested itself. Around 67 million € of EU funds have been invested in new rail rolling stock. To this amount the state will add approximately 200 million € (over 20 years). 22 million € has been invested in upgrading the railway contact network, 20 million € in new passenger platforms and a total of around 80 million € in the renovation of different railway sections. The first positive signs – increase in the number of passengers – are already being seen. In addition, the state has invested in new environmentally sustainable buses (around 20 million €) and trams (around 45 million €), using its other funds, and in tram infrastructure, also using EU funds (around 22 million €). Besides these investments the state contributed in the 2007-2013 period and will contribute in the 2014–2020 period to sustainable transport through public transport subsidies amounting to around 40 million € each year.

Also, the investments to be financed during the 2014–2020 period from various sources will contribute to the sustainability of transport and to reducing its negative environmental impact. The investments will also contribute to the implementation of the Commission's Country-Specific Recommendation No 4 for 2013 'Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up development of cross-border energy connections to diversify energy sources and promote competition on the energy market' and Country-Specific Recommendation No 5 'More effectively balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services'. The National Reform Programme 'Estonia 2020' will be implemented in accordance with the Government's policy priority of bringing transportation, ICT and other public infrastructure and institutions that support business to an international level. Also, investments in the core TEN-T network will contribute to priority area Transport of the EU Strategy for the Baltic Sea Region.

Support for the biggest investment into TEN-T transport corridors – the fast railway connection Rail Baltic – is applied for from the Connecting Europe Facility (CEF). The future connection complies with the ERTMS requirements. Traffic safety (during planning, construction and maintenance) is being taken into account in the development of the TEN-T network.

Cohesion Fund (CF)

Interventions will improve connections with (foreign) partners to meet the needs of enterprises and the society, and promote an environmentally friendly urban mobility environment that integrates different modes of mobility and considers the needs of the population. In addition, travel time will be reduced, in particular between and around larger cities, and the attractiveness, safety, accessibility and environmental friendliness of public transport (incl. maritime transport) will be improved.

1.3.8. Promoting employment & supporting labour mobility

The 2020 target for Estonia is to increase the employment rate of the 20–64 age group to 72% by 2015 and to 76% by 2020 (compared to 73.3% in 2013). To increase the rate, we need to pay attention to labour-market risk groups: the long-term unemployed, youth, older people, disabled people and people of non-Estonian background. Also, we need to support labour market measures by creating jobs, especially outside the urban areas of Tartu and Tallinn. Apart from the employment objective, investments should also contribute to the objectives of reduced poverty and social exclusion and higher productivity stipulated in 'Europe 2020' and 'Estonia 2020'.

The development need for increased employment and social cohesion is dealt with under the objective of fostering employment and mobility on the labour market (see section 1.1.2.5). Problems related to the employment of labour-market risk groups (the long-term unemployed, youth, older people and people with health problems) will be alleviated by offering them additional employment services and completing the reform of the system that supports their ability to work. To alleviate significant regional challenges, such as the low employment rate of the working-age population living outside the urban areas of Tartu and Tallinn and the poor contribution of regions to economic growth (see section 1.1.3), support will be given to tap into region-specific resources and knowhow, which should create the preconditions needed to generate jobs. In addition to fostering employment, investments in regional economic environment should also contribute to promoting the development needs of the growth potential and export capacity of enterprises (section 1.1.2.2).

European Social Fund (ESF)

The reform of the working ability assessment and benefit scheme will be carried out with ESF support. To ensure the sustainability of the present scheme of insurance against incapacity for work, a comprehensive system will be established to increase the opportunities of people with damaged health and partial incapacity for work to work and to provide them with support services, including rehabilitation and aids. Instead of establishing incapacity for work on the basis of the medical condition, attention will be paid to what the person can do, and they will be assisted in finding a job that suits them. This will include, where necessary, continuing education or retraining, rehabilitation services and aids that assist working. At the same time, employers' awareness of the possibility of people with damaged health to work will be increased and creation of jobs and adaption of workspaces will be supported. To reduce the number of people dropping out of employment and to support employment-related mobility, work conditions will be improved and the working environment will be made healthier. The reform should make people with reduced ability to work more active, improve their employment rate and help them stay on the labour market. The rise in the number of people with partial incapacity for work should be curbed, and the financial sustainability of the scheme ensured. The interventions proposed will make a direct contribution to implementing Country-Specific Recommendation No 2¹²³. Implementation of the reform of the working ability assessment and benefit scheme should increase incapacity pensioners' employment stimuli and ability to work and make it easier for them to return to the labour market. The assessment of working ability and the benefits will be financed from national funds.

The Estonian Unemployment Insurance Fund offers various employment services, including provision of information, job mediation, employment training, career guidance, practical training, public work, coaching for working life, wage subsidy, start-up support, adaption of work premises and equipment, free provision of technical aids required for work, assistance during job interviews and working with a support person. Provision of these services will continue in the future; the resources of the national funds earmarked for employment services and benefits will be used for this purpose. To foster

¹²³Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation.Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy.Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits.Establish coordinated measures for fostering economic development in regions affected by high unemployment.

employment among risk groups, ESF support will be used to pilot new labour market measures or to extend existing ones to new target groups. This should result in improved and continued employment among risk groups (incl. the long-term unemployed, low-skilled workers, youth and older people). These measures also two of the four activities of the European Youth Guarantee – “Workshops introducing labour market and working life to youth” and “My first job”. The objective of these activities is to increase youth’s awareness about what kind of help they can get to enter labour market and to give unemployed youth with low/inadequate education or limited experience a work experience and thereby contribute to implementing Country-Specific Recommendation No 3¹²⁴. The other two Youth Guarantee activities are implemented within Objective 9 and they focus on the inclusion of young people and improving the employment rates among young people. As a result of the measures under the European Youth Guarantee majority of NEETs and those young people who are at risk of exclusion have been reached. The young people are encouraged to acquire knowledge and skills or to enter the labour market. They have more information about working life; less competitive young people have more opportunities to gain work experience and the competitiveness of young people in the labour market has increased.

Piloting new labour market measures will facilitate the return of risk groups to the labour market and make a contribution to implementing Country-Specific Recommendations No 2 and 3. In light of global trends, applying the knowledge and skills of older people, offering them more suitable and more flexible working environment and tasks, raising employers’ awareness about the opportunities of employing older people and supporting older people’s participation in lifelong learning will enable the employment of older people to be increased, which will help reduce structural unemployment.

When working towards the results of interventions financed from the ESF, their synergy with interventions financed under Thematic Objective 9 is important, as the latter interventions increase the activeness of labour-market risk groups and help them come (back) to the labour market; thus, these are some of the prerequisites for the success of labour market measures. One of the most important factors causing unemployment is the low level of qualifications and skills. Therefore, the provision of labour market measures has considerable synergy and coordination with interventions planned under Thematic Objective 10. The latter interventions should improve adults’ key competencies of lifelong learning and the compliance of studies with the needs of the labour market. In addition, coordination with labour market interventions financed from other funds and national funds is necessary when planning and implementing labour market measures. The mutual coherence and synergy of the respective measures will therefore be kept in mind when planning and implementing the measures.

Social innovation is promoted under the thematic objective primarily by the work capacity reform. Social innovation is also promoted by application rounds to be organised under the thematic objective. The aim of the application rounds is to enable various organisations – local governments, the non-governmental sector, social enterprises, etc. – implement projects that help the target groups with the most specific needs in finding employment.

European Regional Development Fund (ERDF)

ERDF funding is planned to be used for interventions aiming at comprehensive development of county centres into strong centres that are able to ensure the existence and access to jobs and high-quality services within the region. The interventions help to create new jobs and increase the added value of the existing jobs. The actions supported are based on the development potential and resources within the region and have the greatest potential to revive the economy of a functional region as a whole, to foster business and employment and to improve the accessibility of jobs and services. Various parties and sectors will cooperate to identify the barriers to growth in employment in the region and to plan

¹²⁴Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in lifelong learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.

and carry out activities with the aim of increasing the entrepreneurial activity and employment of the region's inhabitants.

The interventions are expected to result in preconditions for job creation in regions and strengthen the role of functional-region centres as drivers of regional development. Also, connections will improve, which in turn will improve the accessibility of jobs and services in functional regions. Each functional region will function as a whole and regions' centres will be better able to counterbalance the attraction of the urban areas of Tallinn and Tartu, this being the prerequisite for stopping the emigration of labour. The intervention will contribute to economic development and reduced poverty outside the urban areas of Tallinn and Tartu. Support will be provided for the activities that are prioritised in regional competitiveness plans for their employment and entrepreneurship development potential. The activities will make a direct contribution to the implementation of the Estonian Regional Development Strategy 2014–2020.

Interventions planned under this Thematic Objective will contribute to implementing Country-Specific Recommendation No 2¹²⁵, as they will foster economic development and the creation of jobs outside the urban areas of Tartu and Tallinn. The investments will indirectly contribute to the implementation of Country-Specific Recommendation No 5¹²⁶ as well. The interventions will foster cooperation among local authorities in promoting entrepreneurship in and improving the labour market potential of the region.

When planning and implementing interventions to be financed from the ERDF, it is important to bear in mind their synergy with the entrepreneurship measures financed under Thematic Objective 3 (especially the interventions aimed at the establishing of new enterprises), the investments to be made in transport under Thematic Objective 7, the investments to be made in lifelong learning and vocational education under Thematic Objective 10, as well as regional Leader programmes, in order to achieve synergies and avoid potential overlaps.

European Agricultural Fund for Rural Development (EAFRD)

The Rural Development Plan measures that will foster employment include investments in the diversification of economic activities, processing and marketing of forest products and (in part) investments in the processing and marketing of agricultural products. Interventions should result in alternative employment opportunities created for former agricultural employees in rural areas. Local resources will be used more in business and in the development of the living environment.

When planning and implementing interventions to be financed from the EAFRD, it is important to bear in mind their synergy with the entrepreneurship measures financed under Thematic Objective 3, especially the interventions aimed at the establishing of new enterprises, in order to achieve synergies and avoid potential overlaps.

Promoting social inclusion & combating poverty

Cohesion can be achieved by preventing and reducing social stratification, inequality and exclusion, and by strengthening social relationships, ties and communication.

In order to promote social inclusion and fight poverty, it is essential to address the issues that cause exclusion or keep people away from the labour market (see section 1.1.2.5). Today, health is one of the factors that causes poverty and affects employment. It is therefore planned to invest in improving the availability and quality of healthcare services and reduce alcohol consumption as the greatest

¹²⁵Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation.Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy.Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits.Establish coordinated measures for fostering economic development in regions affected by high unemployment.

¹²⁶Better balance local government revenue against devolved responsibilities.Improve the efficiency of local governments and ensure quality provision of local public services.

behavioural health risk causing the burden of disease. Another important factor that affects ability to work and cope financially is the burden of care (caring for children, elderly and disabled family members). Therefore, interventions have been designed to increase the availability of affordable childcare options and affordable services that alleviate relatives' burden in caring for elderly and disabled people. The long-term unemployed and the risk groups on the labour market often face a number of obstacles to entry into the labour market, which can be solved by combining social and employment measures. Therefore, it is planned to offer combined measures to problematic target groups, incl. persons released from prison. Youth exclusion and unemployment is a problem which significantly affects their future life. To increase the employability of young people and increase their inclusion, it is planned to carry out activities that prevent exclusion among young people aged 7–26 years, as well as reactive activities targeting the young people who are already having difficulties. Higher integration of people of foreign origin in society is essential to achieve both employment objectives and the objective of building a competitive economy. Therefore, it is planned to help newly arrived immigrants in obtaining the knowledge and contacts needed to cope in the society and increase the knowledge of poorly integrated permanent residents to advance their social activity, incl. more active participation in the labour market. In cities in the Ida-Viru County – which lag behind other regions of Estonia in terms of basic infrastructure, a greater proportion of buildings and land that have fallen out of use, etc. – it is important to prevent the underutilised urban space and an environment which is unattractive to both entrepreneurship and residents from hindering the development of urban areas. To this end, it is important to contribute to the physical, social and economic revival of underused urban districts in the larger cities of Ida-Viru County.

Estonia 2020 strategy's objective is to increase the activity rate (15–64 age group) to 75% by 2020 (compared to 74.8% in 2013). Non-active job-seekers include pensioners, students, people who do not participate in the labour market because of health problems, and people who have to take care of their children or other family members (see section 1.1.2.5), which is why the availability of childcare and welfare services needs to be improved and health problems must be addressed to achieve the target. Addressing these issues will also contribute to achieving the objective of 'Estonia 2020' to increase the employment rate of the 20–64 age group to 76% (73.3% in 2013) and reduce the long-term unemployment rate to 2.5% by 2020 (3.8% in 2013). To reduce the youth (15–24) unemployment rate to 10% (18.7% in 2013), it is necessary to activate NEET youth, prevent the risk of exclusion, and increase young people's contact with the world of work. Solving the employment problems of the target groups will also help to reduce the rate of relative poverty after social transfers to 15% by 2020 (17.5% in 2012).

Improvement in the availability and quality of welfare and social services, and facilitation of the return of the long-term unemployed and people with health problems to the labour market will also contribute to the implementation of Country-Specific Recommendation No 2¹²⁷. Increasing the capacity of local authorities and cultivating a habit of cooperating in the provision of social and welfare services will contribute to the implementation of Country-Specific Recommendation No 5¹²⁸.

Interventions planned under Thematic Objective 9 will result in higher levels of social inclusion and more active participation of people in the labour market.

European Social Fund (ESF)

Families' independent economic coping is weakened by a substantial burden of care, which can result in one of the family members being forced to quit work. In order to reduce the care burden of the

¹²⁷ Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.

¹²⁸ Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

working-age population (mostly women), services will be developed to assist people in caring for children, family members with special needs, and elderly family members.

To reduce the burden of care on parents, and inequalities between men and women on the labour market, the availability, flexibility and diversity of childcare services will be increased. The provision of childcare services is being planned in conjunction with the ERDF intervention under 'Sustainable urban development' of the Ministry of the Interior, under which support will be provided for the development of childcare and pre-school education infrastructure in larger urban areas. Improving the availability of childcare services will increase parents' participation in the labour market. The described results will contribute to achieving the objective 'A high quality of daily life that meets the needs of every family member is promoted by men and women who have equal opportunities for the reconciliation of work, family and private life' of the Development Plan for Children and Families 2012–2020 and to the objective of the Regional Development Strategy to develop the competitiveness of larger urban areas.

More attention needs to be paid to people whose participation in the labour market is limited by the need to care for elderly, disabled or sick family members. This is a growing need, considering the ageing of Estonia's population.

In order to improve the availability of high-quality welfare services across Estonia, support will be provided for cooperation across the borders of municipalities in the provision of the services, and their capacity to provide high-quality services will be increased. It is also planned to improve the accessibility of existing educational services (nursery and other schools) and rehabilitation services through improving support services for children with disabilities. As a result of the interventions, people's access to existing but as yet not uniformly available welfare services will be improved, or opportunities to receive new services will be created. The practice of providing integrated welfare and employment services as a result of cooperation between several municipalities will be promoted. More systematic welfare measures will lessen the burden resulting from the need to care for family members with special needs or the elderly family members, and improve the opportunities of caregivers to participate in employment. The provision of the services will also result in improved independent coping and employment opportunities for people with special needs. Various forms of substitute care, support services and follow-up care are developed in order to improve the quality of substitute care. The aim is to increase the share of family-based forms of substitute care and to prevent children aged 0 to 3 being placed in institution-based care.

The proposed activities will support the process of deinstitutionalisation. Improving the availability of welfare services for the elderly and people with special needs will prevent people from being institutionalised and contribute to the transfer of institutionalised persons to community-based care. The development of family-based forms of care helps to improve the quality of substitute care and to better prepare young people for independent life and active participation in society and the labour market. Services provided to children with disabilities enable them to be integrated into the mainstream educational environment. At the same time the capacity of educational institutions to teach children with disabilities is increased under Thematic Objective 10. This means that the proposed activities are designed to support several objectives: from deinstitutionalising welfare services to enabling people being cared for and their carers to become more active.

In addition to the above-mentioned target groups, there are a number of vulnerable groups who encounter a number of barriers to entering the labour market. The process of compiling the Development Plan for Children and Families 2012–2020 revealed that in order to develop services that meet the population's needs, it is important to pay more attention to combined measures and cooperation between the social and employment spheres, and to define areas of responsibility more clearly. Approaching people with coping difficulties on a case by case basis and providing them with the necessary welfare and labour market services in an integrated manner will improve the labour market readiness of these target groups. To this end, the capacity of local authorities to use an integrated and personal approach to the needs of target groups needs to be increased.

Social services are developed based on the Voluntary European Quality Framework for Social Services. The provision of the above mentioned welfare services and social services fostering economic coping will support the objective 'adequate economic coping and a lasting sense of security of families is

supported through a combined system of benefits and services' of the Development Plan for Children and Families 2012–2020. The interventions aimed at children with disabilities and children in substitute care will support the objective 'children's rights are assured and an effective child protection system has been designed to value each child and achieve a secure society that supports children's development and wellbeing of the same Development Plan.

The strategic general objective of the Public Health Development Plan 2009–2020 is to lengthen the healthy life of people through reduction of early mortality and morbidity. One of the courses of action specified in the Development Plan involves ensuring the availability of high-quality anti-addiction counselling, addiction treatment and rehabilitation services to those in need. Alcohol consumption is an increasing problem in Estonia, and it is directly related to health problems and declining ability to work. With a view to reducing alcohol abuse and related harm and to narrowing the gender gap in life expectancy between men and women, it is intended to continue the development of early detection of alcohol abuse and modernise the provision of alcohol addiction treatment services. The resulting improved state of health will contribute to an increase in employment, reduce social exclusion and poverty risks and increase social inclusion.

A new integration development plan, 'Integrating Estonia 2020', is being prepared. The Development Plan aims to support the cohesion of society, which will manifest itself in improved Estonian language skills, increased activity in civil society, employment and lifelong learning and strengthened civic identity of non-natives, and reinforcement of societal values and attitudes supporting integration in the society. Greater integration of people from different linguistic and cultural backgrounds in society is essential for achieving both employment objectives and the objective of building a competitive economy. As a result of interventions, the newly arrived immigrants to whom services have been provided will have the practical knowledge and contacts needed to cope in the society, incl. information on the services offered. Poorly integrated permanent residents will acquire better knowledge so that they can be active in society, incl. language, civic and cultural competences, as well as information that enables them to be more active on the labour market. Also, organisations dealing with newly arrived immigrants and poorly integrated permanent residents will be able to provide high-quality and sustainable services, and society will be more open and tolerant towards people with different cultural backgrounds. Activities targeting poorly integrated permanent residents will help them become more active and start benefitting from active labour market measures, lifelong learning or other support services. The activities are therefore an important prerequisite for the target group starting to use the labour market services provided under Thematic Objective 8 and nationally funded by the Unemployment Insurance Fund, and participating in continuing education offered under Thematic Objective 10. The adaptation of newly arrived immigrants to the society is one of the preconditions for increasing the supply of skilled labour, and thereby also supporting the specific objectives of using EU funds under the Thematic Objectives 1 and 3.

Activities will be developed and implemented in conjunction with those of the Asylum, Migration and Integration Fund to avoid any overlap of activities and achieve better consistency in the implementation of activities.

Social exclusion often leads to profound and long-term damage to young people's development opportunities, including opportunities for economic inclusion and health. To improve the employability of young people and increase their inclusion, it is intended to carry out activities that prevent exclusion among young people aged 7–26 years, as well as reactive activities targeting the young people who are already having difficulties. Youth work and other services defined through networking will proactively be used to increase the contact of youth in studies with the world of work. Young people will be given opportunities to acquire, in a non-formal environment, the skills that are necessary for achieving employment, and to obtain a work experience and more knowledge for smooth transition to the labour market. The impact of poverty and other inequalities will be reduced and the risk of exclusion will be prevented through the participation of children living at risk of poverty and the NEETs in youth work. The focus will be on finding and motivating the NEETs and young people at risk of exclusion in order to guide them to acquire knowledge and skills or to enter the labour market. A local-level networking system will be developed for the early detection of personal problems in risk groups and to find solutions.

Youth-related objectives and interventions derive from the Youth Development Plan 2014–2020. Those interventions also form part of the Youth Guarantee. Under Thematic Objective 9, two of Estonia's four Youth Guarantee activities will be implemented – “Supporting youth in entering to and coping with labour market” and “Support measures for NEET youth, which help them back to education and/or to the labour market”. The other two Youth Guarantee activities, will be implemented under Thematic Objective 8 along with other new labour market measures targeted at risk groups. As a result of the measures under the European Youth Guarantee majority of NEETs and those young people who are at risk of exclusion have been reached. The young people are encouraged to acquire knowledge and skills or to enter the labour market. They have more information about working life; less competitive young people have more opportunities to gain work experience and the competitiveness of young people in the labour market has increased.

Social innovation is promoted under the Thematic Objective by providing support to social enterprises and joint projects.

European Regional Development Fund (ERDF)

With a view to ensuring the availability of higher-quality health care services to the entire population and bearing in mind demographic trends and sustainable use of resources, it is intended to concentrate high-tech specialised medical care into competence centres and increase the share of essential first- contact healthcare services that are provided close to a person's place of residence. This course of action has been taken under the Public Health Development Plan 2009–2020 with the objective of ‘ensuring the universal availability of high-quality healthcare services through optimum use of resources’. Investments will be made in the infrastructure of primary (first-contact) healthcare centres, which will employ three or more family physicians each along with supporting healthcare professionals. This will enable the operating hours of health centres to be lengthened, substitutions to be arranged more flexibly and diagnostic and treatment facilities to be more optimally used. Investments will also be made in competence centres' infrastructure and technology in departments whose workload will grow due to the increased role of competence centres in the provision of specialised medical care and consultative support to primary healthcare. Investments will enhance the role of regional hospitals as competence centres, incl. in ensuring the availability of high-quality specialised medical care in county hospitals.

The investments are in line with regional political developments – moving towards ‘gravity centre’-based planning and service delivery. Investments in healthcare infrastructure will be supported by actions financed from national resources which, in the context of a shrinking labour force (e.g. emigration of health professionals), will ensure the availability of doctors and other staff in the centres to be developed. The health indicators of the population will also be improved with the help of ESF activities targeting health behaviour. In addition, smart specialisation will contribute to innovative solutions in the field of medicine under other priority axes implemented with ERDF support.

Gradual deinstitutionalisation of special care was set as a goal in the Reorganisation of State-Owned Special Care Institutions and Services Plan in 2006. A development plan continuing a similar course of development of the field of welfare services for 2014–2020 is being drawn up. It would be difficult to immediately integrate the people who are currently living in large Soviet-era institutions into the community, so there has to be an intermediate stage in the form of smaller facilities. The service places to be created will enable people with special psychiatric needs to live in decent living conditions and be significantly more independent in deciding on matters concerning their lives. An increase in activity and coping abilities will create considerably better opportunities for these people to start using community-based services and open care services. This is confirmed by the experiences of the financing period 2007-2013. Additionally, a total of 2000 disabled people will be provided with dwellings meeting their individual needs with the help of investments. Better-equipped special welfare service places and customisation of dwellings will provide both disabled people and their family members with better opportunities for more active participation in society and the labour market, thereby supporting their inclusion and reducing poverty. The course of development described above was launched with the help of ERDF funding within 2007–2013.

Investments in welfare infrastructure and the customisation of dwellings are closely related to ESF-funded development of welfare services and service delivery capabilities, improving the situation of the target group which is not receiving round-the-clock services, and supporting people who are ready to transfer from institutional care to services that require less assistance.

During the 2007–2013 period, investments were made in the creation of nursery school places in larger urban areas, but there is a continued need for new places and thus it is also intended to invest in nursery school places in larger urban areas in the new period. As a result of intervention, nursery school and childcare options near home will be improved in the urban areas of Tallinn, Tartu and Pärnu, there will be less need to move around and parents will be able to return to work more quickly. In conjunction with ESF-funded development of childcare services, the creation of nursery school places will contribute to achieving the objective of reducing the burden of care on parents and inequality between men and women on the labour market. The activities will contribute to achieving the objective 'A high quality of daily life that meets the needs of every family member is promoted by men and women who have equal opportunities for the reconciliation of work, family and private life' of the Development Plan for Children and Families 2012-2020 and the objective of the Regional Development Strategy to develop the competitiveness of larger urban areas.

Based on the Regional Development Strategy 2014–2020, support will be provided for comprehensive interventions in defined territories within the larger cities of Ida-Viru County whose revival will stimulate the development of the entire urban area.

The development of welfare services is related to the activities to be carried out under Thematic Objective 8, activating people with a burden of care and assisting them in entering the labour market.

European Agricultural Fund for Rural Development (EAFRD)

Strong local communities and social inclusion of residents are an important prerequisite of rural development. Therefore, the LEADER approach will be continued, as one of its main advantages compared to national approaches is the principle of decision-making closer to local residents and better accommodation of regional conditions in the provision of support. The preparation and implementation of common strategies based on regional specificities increases local initiative and cooperation. The implementation of these strategies will contribute, at the grassroots level, to the development of regional entrepreneurship, availability of community-based services and solving other local issues, which will help to increase social inclusion.

The activities will complement other measures deriving from the Rural Development Plan, as well as interventions to be financed under Thematic Objectives 3, 8, 9, and 11, taking into account local specificities.

1.3.10. Investing in education, skills and life-long learning

Under this Thematic Objective, it is planned to address the development need to adapt the education system to the needs of society (section 1.1.2.5). In line with 'Europe 2020' and the 'Estonia 2020' National Reform Programme, investments are being planned to contribute to achieving the objective of reducing the share of young adults in the 18–24 age group with basic education or less and of those who are not continuing their education to below 9.5%. To reduce early school leaving rates, career and support services will be developed and lower secondary level schools will be separated from upper secondary level schools.

The number of vocational schools has been reduced in recent years. During the 2007–2013 period the vocational education network was rearranged and adjusted to demographic developments. Substantial investments have been made into the modernisation of the network of vocational education institutions, particularly in the upgrading of practice bases and laboratories, as well as in the modernisation of the study environment and accommodation facilities. ESF funds have been used to support the development of the content of vocational training, incl. the development of national curricula, e-learning and quality assessment, reintegrating early school leavers in vocational training and organising adult occupational training in vocational schools.

Modernisation of the network and infrastructure of SEN schools was started in the 2007–2013 period, observing the objectives of arranging and downsizing the network of SEN schools and clarifying the responsibility of local authorities and the state to teach SEN pupils in order to provide as many SEN children as possible with the opportunity to attend an “ordinary” school. Mainstream schools need more support to be able to provide a learning environment that meets the needs of pupils with special educational needs. Thus, a reduction in the number of pupils most keenly affects the network of upper secondary schools, which is why it is planned to carry out activities aimed at adapting the general education school network to past and ongoing demographic changes (and inefficiency) and solving the development needs of SEN pupils during the 2014–2020 programming period. The valuable experience gained in the course of piloting the measure of the organisation of the upper secondary schools’ network in the period 2007-2013 will be used. According to the plan, the evaluators will analyse the changes proposed by each applicant for the reorganisation of the school’s network, the estimates of the number of pupils and the relevant spatial programme. Indicative models of spatial programmes are prepared for schools of different types and sizes. Besides the estimates of applicants, national population estimates are used. Riigi Kinnisvara Aktsiaselts will be involved in the technical design and budget planning for the buildings. The process of preparing an investment plan includes negotiation stages so as to reach an optimal solution by taking into account the bigger picture.

In addition to investments in the school network, the provision of quality education will be supported by enhancing the skills and competences of teachers, principals and youth workers (incl. in-service training) and by developing study materials. During the 2014–2020 period, more attention will be paid, in particular, to the content of in-service training, increasing the level of centralised coordination of training and modernising teacher training competence centres, in order to provide maximum support for the application of new curricula, the related approach to teaching and the principles of inclusive education in schools. In addition, better coordination between academic and career guidance services will be ensured to achieve greater synergy, and the provision of the services to target groups will be expanded. Improved quality of studies, rearrangement of the school network and better availability of career services should have the combined effect of increasing the proportion of lower secondary school graduates who opt for vocational training. This, coupled with a reduction in drop-out rates, will increase the proportion of people with professional and occupational qualifications on the labour market, which is one of the main goals.

The problems with structural unemployment and the shortening life-cycle of skills are intended to be solved with the help of activities that provide better opportunities for linking education with the knowledge-based society and the labour market. For example, it is planned to create a system for monitoring and forecasting the labour market’s competency needs, set up a functioning practical training system and develop the competencies of the adult population through in-service training, retraining and formal education. This will also support the objectives of the 'Estonia 2020' National Reform Programme to reduce the proportion of adults (25–64) without any professional education or vocational training and to increase the participation rate of adults (25–64) in lifelong learning. Under this Thematic Objective, the focus will be on the implementation of the following policy priorities of the Government specified in the National Reform Programme: improving the quality of the education system and adapting it to demographic changes; bringing labour qualifications into conformity with the needs of the contemporary labour market (among other things, making better use of the opportunities of EU internal market policy and other policies); and increasing the share of people with professional education at the vocational and higher educational levels. These objectives are also the priorities of the Lifelong Learning Strategy 2020, which focuses in particular on changing the approach to teaching to ensure that teaching supports the personal and social development of each learner. Equally important is to develop proficient and motivated teachers and principals, to improve the compatibility of lifelong learning and the needs of the labour market and to increase participation in learning.

All of this will also contribute to the implementation of Country-Specific Recommendation No 3¹²⁹. To better align the education and training system with the needs of the labour market, a system for monitoring and forecasting the labour market's competency needs will be set up which will support the planning of the structure and volume of education services, the development of curricula, career planning and skills assessment and the planning of learning needs. Under Thematic Objective 9, targeted measures will be taken to reduce both youth unemployment and the impact of poverty on educational and career choices. Activities will focus, in particular, on the goal of preventing social exclusion and labour market problems from occurring. In order to increase the participation of low-skilled workers in lifelong learning, it is planned to support the integration of adults with lower educational levels in studies – among other things, it is planned to carry out activities that support participation in training, such as career services, guidance, recognition of prior learning and work experience – through offering continued professional training and retraining courses to them and developing their key competencies.

Activities planned under Thematic Objective 1 will make a significant contribution to improving the quality of higher education, as the Estonian higher education and research systems are tightly intertwined. The higher education system is being reformed with the result of free access to Estonian-language higher education being provided to those who pursue full-time studies. The reform also involves changes in the higher education funding system: the system of state-commissioned education has been replaced by a system of operational support, which is provided on the basis of performance agreements signed with universities, thus increasing the responsibility of universities for the results of their activities. Also, in autumn 2013 a system of needs-based support was launched in order to assist students who need such support the most. It is intended to contribute to, in particular, the development of practical training systems in higher education and to teacher training under this Thematic Objective. Under Thematic Objective 1, smart specialisation-related activities (incl. curriculum development and scholarships) and the development of strong areas of responsibility through institutional package measures are also expected to support the reform of higher education (in addition to national funds). While the development of higher education curricula has also been supported during the 2007-2013 period, in the 2014–2020 period more attention will be paid to supporting the development of teaching staff and to the modernisation of curricula in a manner ensuring that they meet the objective of serving the interests of society (e.g. transfer of skills related to entrepreneurship education and creation of practical training modules).

European Social Fund (ESF)

As a result of interventions, studies in educational institutions will be more person-centred and develop creativity and innovation, as teachers' teaching skills will have improved and schools will use innovative and modern study materials which make maximum use of the opportunities offered by ICT. School teams will have adopted a stronger role in introducing the principles of a 'learning school' and teachers will apply more diverse teaching methods in their daily work. Drop-out rates will have decreased thanks to the effective system of support services which ensures that academic guidance services reach all those who need them and that career services are available to all young people. The effective system of support services, combined with a more individual-centred approach to teaching, will also make it possible to introduce the principles of inclusive education more widely and to integrate more children with special educational needs in ordinary schools, as the services of support specialists will be accessible. As early school-leavers are more likely to be unemployed and live at risk of poverty during the subsequent periods of their lives, it is important to provide as many young people as possible with the opportunity to successfully complete at least secondary education. It is essential to ensure a combined effect and coordination with Thematic Objective 9 of promoting social inclusion and reducing exclusion, particularly youth exclusion, and increasing young people's

¹²⁹Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in lifelong learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.

opportunities for development, and with the corresponding intervention aiming to support youth employment and reduce the impact of poverty through youth work.

In order to align the training of workforce with the needs of the modern labour market, the content of studies in both vocational and higher education should be more closely linked to labour market needs and social partners should be provided with a clearer picture of the labour market. Therefore, interventions have been designed to launch a system for the monitoring and forecasting of labour demand and to coordinate the development of skills. The system will involve all parties to the labour market and enable the labour needs of the future to be more accurately predicted. Wider use of workplace-based learning opportunities will allow more businesses to be engaged in the preparation of specialists needed on the labour market, and enable qualifications to be acquired by the people for whom traditional forms of study are not suitable. In addition, functioning practice arrangements will be put in place which provide students in both higher education and vocational education institutions with work experience during their studies and give valuable feedback to schools on the knowledge and skills of students. The constant self-improvement, renewed qualifications, skills and key competencies of the working-age population support the retaining or achieving of employment. To support the acquisition of entrepreneurship knowledge and skills, knowledge-based and systematic entrepreneurship studies will be provided at all levels of education under the guidance of qualified teachers and lecturers, who will involve entrepreneurs and use innovative teaching methods. The combined effect of support from the ESF and the ERDF will improve the quality of studies at all levels and in all forms of education, which will also contribute to a reduction in drop-out rates.

European Regional Development Fund (ERDF)

As a result of interventions, at least one classical upper secondary school in each county will be established which will offer general secondary education with plenty of options; the network of primary and lower secondary schools and the network of SEN schools will be rearranged and apply the principles of inclusive education. Access to high-quality primary and secondary education will be ensured in all counties and the proportion of those pursuing vocational training will increase. Interventions will result in modern education infrastructure that is flexible to demographic changes and has moderate maintenance costs: the efficiency of area use will be improved and expenditure on maintenance of school buildings will be reduced, so more resources can be channelled into improving the quality of studies. Planning the network of general education schools will be based on the forecast of the numbers of pupils until 2030. The size of the network of upper secondary schools will be determined in accordance with the objective set in the Lifelong Learning Strategy to ensure that at least 35% of lower secondary school graduates pursue vocational training. Investments in infrastructure will be backed up by ESF-funded activities that aim to ensure the availability of the necessary support services in all regions of Estonia, regardless of the size of the school, offering learners academic and career guidance services to support their progress at school and preparedness for making further educational choices. A contribution will also be made to the in-service training of teachers and principals to ensure the application of a modern and person-centred approach to teaching in schools. The reorganisation of SEN schools is expected to result in significant improvement in the quality and availability of educational and support services; the number of study places will correspond to the needs of the region and the capability of the school concerned; the learning environment will support the learning process and be modern, safe and effective in terms of upkeep costs; and schools will be located in or near centres and be better accessible to students, parents, and staff. Study places in SEN schools will be distributed as evenly and proportionally as possible, considering the needs of all regions of Estonia. Besides the rearrangement of infrastructure, the ESF-funded development of support services and the person-centred approach to teaching will also support the principles of inclusive education.

European Agricultural Fund for Rural Development (EAFRD)

The objectives of the Rural Development Programme 2014–2020 include up-to-date R&D, knowledge transfer and well-functioning cooperation between producers, processors, advisors and researchers. Preparedness of employees working in the agricultural, food and forestry sectors will be improved.

Achieving higher productivity in the rural economy will not be possible without further training or retraining of the existing workforce. Thus, it is necessary to expand the opportunities of the existing workforce to participate in training and support the implementation of long-term projects for more effective communication of certain topics (such as sustainable plant protection and food safety).

When planning and implementing the interventions to be funded, it is important to bear in mind their synergy with ESF-funded lifelong learning and the labour market training to be financed from national funds through the Unemployment Insurance Fund. It is also feasible to take into account the combined effect with ERDF-funded guidance and mentoring measures stimulating entrepreneurship.

1.3.11. Enhancing institutional capacity and ensuring efficient public administration

Based on the analysis of development needs (see section 1.1) and in line with the 'administrative capacity' priority axis, Estonia will focus on Thematic Objective 11, 'Enhancing institutional capacity and ensuring efficient public administration', in financing funding priorities and achieving results.

Medium-term objectives of the 'Estonia 2020' National Reform Programme are to ensure a structural surplus of the general government and to pursue a fiscal policy that supports the competitiveness of the country. To this end, it is necessary to increase flexibility and manage public spending in a sound manner. Achieving effectiveness and efficiency requires a strong civil service and the provision of optimum cost-effective public services, while ensuring their quality, availability and regional balance. Strong public administration builds on the continuous development and efficiency of people and organisations, which is reflected in the public services through which citizens perceive the state as a capable partner.

The choice of this Thematic Objective is justified by the development needs of Estonia that relate to the low quality of policy-making at both the central government and local government levels, the fragmentation of governance, insufficient coherence between strategic planning and the state budget, inefficient provision of public services, insufficient competencies of civil servants, and disparities in the development capacity of regions. A number of investments are being planned to contribute through smart development of public services (incl. e-services) under 'Europe 2020' and 'Estonia 2020' to improved competitiveness and employment in order to support inclusive growth, and indirectly also to the objective of combating poverty and social exclusion. Improving the skills of local government officials, supporting cooperation between local governments and developing e-solutions contributes to the implementing of Country-Specific Recommendation No 5¹³⁰ for 2013 and promotes the provision and accessibility of other high-quality local services developed under other thematic objectives. Measures will also be taken to meet the challenge of the National Reform Programme 'Estonia 2020' to make the state sustainable and adaptive. In addition, it is intended to contribute to the objectives of the Estonian Regional Development Strategy 2014-2020, supporting the application of the principle of subsidiarity in the development of regions by reinforcing local and regional development capacity and cooperation.

European Social Fund (ESF)

Interventions are expected to result in solutions to the problems described above. People's skills, qualifications and expertise and the quality of management and analytical capabilities will be improved and the use of knowledge-based solutions that take account of future impacts will be encouraged. In the context of agencies and areas of government, the implementation of cooperation models (such as task forces) is expected to result in closer cooperation, which will make it possible to set nationwide priorities and offer citizen-centred integrated solutions that transcend areas of government (incl. strategic directions and comprehensive and universally accessible public services). In the regional context, more efficient provision of public services is expected to foster cooperation between the state and local authorities and to improve local and regional development capabilities.

¹³⁰More effectively balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.

The development and implementation of policies will become more comprehensive, and there will be clearer links between strategic plans and the state budget.

European Regional Development Fund (ERDF)

Interventions are intended to achieve the coordinated delivery of both national and local public services, making maximum use of the opportunities offered by information and communication technologies; the development of e-services enables to reduce the administrative burden and improve availability (i.e. make it easier and more cost-effective for residents to access services).

Table 1. Operational Programme for Cohesion Policy Funds: justification for selection of Thematic Objectives and investment priorities

Selected Thematic Objective	Selected investment priority	Justification for selection
(1) strengthening research, technological development and innovation;	ERDF (a) enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest;	<ol style="list-style-type: none"> 1. Objective of NRP 'Estonia 2020': to increase R&D investments to 3% of GDP (2.19% in 2012) 2. CSR No. 3 for 2013, incl. promotion of research, innovation and cooperation 3. Unfavourable economic structure and low capitalisation 4. Low innovation capacity and low local impact of research and development
	ERDF (b) promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies;	<ol style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ol style="list-style-type: none"> a. to increase R&D investments to 3% of GDP (2.19% in 2012) b. to increase the proportion of Estonia's exports in world trade to 0.11% (0.099% in 2011) c. increase in labour costs may not significantly exceed the growth rate of productivity (2.8% in 2011) 2. CSRs No. 3 and 4 for 2013, incl. promotion of research, innovation and cooperation, and improving energy efficiency 3. Unfavourable economic structure and low capitalisation 4. Low innovation capacity and low local impact of research and development 5. The products and services of the Estonian economy remain resource-intensive, and their energy- and carbon-intensity is one of the highest in the EU.

<p>(2) enhancing access to, and use and quality of, ICT;</p>	<p>ERDF (a) extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy;</p>	<ol style="list-style-type: none"> 1. Objective of 'Estonia 2020': increase in labour costs may not significantly exceed the growth rate of productivity (2.8% in 2011) 2. CSR No.3 for 2013, incl. promotion of research, innovation and cooperation 3. Information and communication technology as a major set of growth opportunities
	<p>ERDF (c) strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health;</p>	<ol style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ol style="list-style-type: none"> a. increase in labour costs may not significantly exceed the growth rate of productivity (2.8% in 2011) b. to increase the proportion of Estonian exports in world trade to 0.11% (0.099% in 2011) 2. CSR No.3 for 2013, incl. promotion of research, innovation and cooperation 3. Information and communication technology as a major set of growth opportunities
<p>(3) enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF);</p>	<p>ERDF (d) supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes;</p>	<ol style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ol style="list-style-type: none"> a. increase the proportion of Estonian exports in world trade to 0.11% (0.099% in 2011) b. increase in labour costs may not significantly exceed the growth rate of productivity (2.8% in 2011) 2. CSRs No. 3 and 4 for 2013, incl. promotion of research, innovation and cooperation, and improving energy efficiency 3. Narrow export base that relies on cost advantages 4. Small share of exporting enterprises 5. Low investment capacity and limited access to capital
<p>(4) supporting the shift towards a low-carbon economy in all sectors;</p>	<p>ERDF (e) promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures;</p>	<ol style="list-style-type: none"> 1. Objective of 'Estonia 2020': increase in GHG emissions compared to 2005 may not exceed 10% (6269 t; 6021 t from 2008-2010) 2. Objective of Estonian Regional Development Strategy 2020: to develop sustainable and attractive urban space and mobility environment 3. Negative impact of urban traffic on the environment and human health 4. Environmentally friendly public transport and mobility environment as a means to improve access to jobs and public services
	<p>CF (iii) supporting energy efficiency, smart energy management and renewable energy use in public</p>	<ol style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ol style="list-style-type: none"> a. increase in GHG emissions compared to 2005 may not exceed 10% (6269 t; 6021 t

	infrastructure, including in public buildings, and in the housing sector;	<p>from 2008–2010)</p> <ol style="list-style-type: none"> b. to keep final energy consumption at the 2010 level, i.e. 2818 ktoe (2761 ktoe in 2011) c. to increase the share of renewable energy in final energy consumption to 25% (25.8% in 2012) <ol style="list-style-type: none"> 2. CSR No. 4 for 2013, incl. improving energy efficiency, in particular in buildings and transport 3. Insufficient use of energy-efficient and environmentally friendly solutions in local infrastructure and housing sector 4. Low use of renewable fuels in transport
(5) promoting climate change adaptation, risk prevention and management;	CF (ii) promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems;	<ol style="list-style-type: none"> 1. Objective of 'Estonia 2020': increase in GHG emissions compared to 2005 may not exceed 10% (6269 t; 6021 t from 2008–2010) 2. Objective of the EU Strategy for the Baltic Sea Region: Save the Sea - to protect the Baltic Sea (incl. clear water in the sea, rich and healthy wildlife, clean and safe shipping, and better cooperation) 3. Adverse impact of residual pollution on the environment and human health 4. Adverse environmental impact of accidents and malicious pollution 5. Monitoring activities and pollution localisation and sweeping capacities as a means of preventing and minimising the adverse impact of pollution on the environment and human health
(6) preserving and protecting the environment and promoting resource efficiency;	CF (ii) investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements;	<ol style="list-style-type: none"> 1. 'Estonia 2020' objective of sustainable growth under 2. Objective of good status of water bodies under the EU Water Framework Directive 3. Objective of the EU Strategy for the Baltic Sea Region: to protect the Baltic Sea (incl. clear water in the sea, rich and healthy wildlife) 4. Protection of surface and groundwater and improved availability of water services as a means to develop greener and more resource-efficient water management
	CF (iii) protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure;	<ol style="list-style-type: none"> 1. 'Estonia 2020' Objective of sustainable growth 2. Objective of the Roadmap to a Resource-Efficient Europe under 'Europe 2020': conservation and sustainable use of biodiversity as a resource 3. Objectives of the Prioritised Action Framework for Natura 2000 (PAF) 4. Preservation or improvement of the status of

		<p>protected species and habitats as a means to ensure the functioning of green infrastructure and to achieve the objectives set in water management plans</p> <p>5. Investments in biodiversity as a means of promoting economic growth, regional development and employment in regions</p> <p>6. Recovery of depleted peat bogs as a means of binding CO₂ and mitigating climate change effects</p>
(7) promoting sustainable transport and removing bottlenecks in key network infrastructures;	CF (i) supporting a multimodal Single European Transport Area by investing in the TEN-T;	<p>1. Objectives of 'Estonia 2020':</p> <p>a. increase in GHG emissions compared to 2005 may not exceed 10% (6269 t; 6021 t from 2008–2010)</p> <p>b. to keep final energy consumption at the 2010 level, i.e. 2818 ktoe (2761 ktoe in 2011)</p> <p>2. CSR No. 4 for 2013, incl. improving energy efficiency, in particular in transport</p> <p>3. Bottlenecks in cross-border connections in the trans-European transport network (TEN-T)</p> <p>4. Investments in transport connections as a means of achieving increased capacity, safety and energy savings</p>
	CF (ii) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;	<p>1. Objectives of 'Estonia 2020':</p> <p>a. increase in GHG emissions compared to 2005 may not exceed 10% (6269 t; 6021 t from 2008–2010)</p> <p>b. to keep final energy consumption at the 2010 level, i.e. 2818 ktoe (2761 ktoe in 2011)</p> <p>2. CSR No. 4 for 2013, incl. improving energy efficiency, in particular in transport; partly also CSR No. 5, incl. ensuring the high-quality provision of local public services</p> <p>3. Inadequate connections between public transport modes and other mobility modes</p> <p>4. Environmentally friendly public transport as a means of improving access to jobs and public services</p>
(8) promoting sustainable and quality employment and supporting labour mobility;	ESF (i) access to employment for job-seekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility;	<p>1. Objectives of 'Estonia 2020':</p> <p>a. increase the activity rate (15–64 age group) to 75%;</p> <p>b. increase the employment rate of the 20–64 age group to 76%</p> <p>c. reduce the youth (15–24) unemployment rate to 10%</p> <p>d. reduce the long-term unemployment rate to 2.5%</p>

		<p>e. reduce the rate of relative poverty (after social transfers) to 15%</p> <p>2. CSR No.2 for 2013, incl. improving incentives to work by enhancing the social benefit systems and strengthening activation measures</p> <p>3. CSR No.3 for 2013, incl. implementing targeted measures to reduce youth unemployment</p> <p>4. High long-term unemployment rate</p> <p>5. Young people are a risk group on the labour market.</p> <p>6. Seniors are a risk group but also represent potential on the labour market, considering the shrinking population.</p> <p>7. Given the increase in the proportion of incapacity pensioners (including disabled people) in society, it is important to promote the employment of people with health problems and improve the working conditions of employed people.</p>
	<p>ERDF (b) supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources;</p>	<p>1. 'Estonia 2020' objective of reducing poverty and social exclusion and achieving sustainable growth</p> <p>2. CSRs No. 2 and 5 for 2013, incl. measures to foster economic development in regions affected by high unemployment and ensuring the high-quality provision of local public services</p> <p>3. Objectives of the Estonian Regional Development Strategy 2020: a living and business environment that promotes the integrity and competitiveness of functional regions; more skilful use of region-specific resources</p> <p>4. Use of region-specific resources and know-how in regions as a means of fostering economic development and the creation of jobs outside the urban areas of Tartu and Tallinn</p> <p>5. Environmentally friendly public transport and mobility environment as a means of improving access to jobs and public services</p>
<p>(9) promoting social inclusion, combating poverty and any discrimination;</p>	<p>ESF (i) active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability;</p>	<p>1. Objectives of 'Estonia 2020':</p> <p>a. increase the activity rate (15-64 age group) to 75%;</p> <p>b. increase the employment rate of the 20-64 age group to 76%</p> <p>c. reduce the youth (15-24) unemployment rate to 10%</p> <p>d. reduce the long-term unemployment rate to 2.5%</p>

		<ul style="list-style-type: none"> e. reduce the rate of relative poverty (after social transfers) to 15% 2. CSR No.2 for 2013, incl. improving incentives to work and social services (incl. childcare service) and strengthening activation measures 3. CSR No.3 for 2013, incl. implementing targeted measures to reduce youth unemployment 4. CSR No.5 for 2013, incl. ensuring the high-quality provision of local public services 5. Child poverty is a problem; young people are a risk group on the labour market 6. More than half of the long-term unemployed are people of non-Estonian background; their less active participation in the society. 7. Inadequate integration/inclusion of top specialists and other immigrants in Estonian society.
	<p>ESF (iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest;</p>	<ul style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ul style="list-style-type: none"> a. increase the activity rate (15-64 age group) to 75%; b. increase the employment rate of the 20-64 age group to 76% c. reduce the long-term unemployment rate to 2.5% d. reduce the rate of relative poverty (after social transfers) to 15% 2. CSR No.2 for 2013, incl. improving incentives to work and social services (incl. childcare service) and strengthening activation measures 3. CSR No.5 for 2013, incl. improving the efficiency of local governments and ensuring the high-quality provision of local public services 4. Increased poverty risk and inequality, aggravated by the highest unemployment rate in Estonia's recent history (2010) 5. High proportion of long-term unemployed 6. Growing burden of care 7. Inactive people may also be considered a potential labour reserve. 8. Unhealthy lifestyles
	<p>ERDF (a) investing in health and social infrastructure which contributes to national, regional and local development, reducing inequalities in terms of health</p>	<ul style="list-style-type: none"> 1. 'Estonia 2020' objectives of achieving sustainable growth and reducing poverty and social exclusion 2. Development need of increasing social cohesion

	status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services;	<ol style="list-style-type: none"> 3. CSRs No. 2 and 5 for 2013, incl. measures to foster economic development in regions affected by high unemployment and ensuring the high-quality provision of local public services 4. Insufficient sustainability and uneven availability of healthcare services in different parts of Estonia 5. It is difficult for people with a burden of care or coping difficulties to participate in the labour market 6. Employment gap between childless people and parents of young children 7. Inadequate infrastructure in larger urban areas due to growing population 8. Objective of the Regional Development Strategy 2014–2020 to ensure the availability of childcare services in larger urban areas 9.
	ERDF (b) providing support for physical, economic and social regeneration of deprived communities in urban and rural areas;	<ol style="list-style-type: none"> 1. 'Estonia 2020' objective of achieving sustainable growth 2. Objectives of the Regional Development Strategy 2014-2020: to develop sustainable and attractive urban space and mobility environment; a living and business environment that promotes the integrity and competitiveness of functional regions 3. Underused urban areas in Ida-Viru County that differ from other regions of Estonia by higher persistent unemployment, lower business activity, etc. 4. Rehabilitation of derelict areas as a means of increasing the attractiveness of urban areas in the eyes of the community, incl. both entrepreneurs and residents
(10) investing in education, training and vocational training for skills and lifelong learning;	ESF (i) reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education including formal, non-formal and informal learning pathways for reintegrating into education and training;	<ol style="list-style-type: none"> 1. Objectives of 'Estonia 2020': <ol style="list-style-type: none"> a. reduce the proportion of young adults in the 18–24 age group with basic education or less and not continuing their education to 9.5% (10.5% in 2012) b. reduce the proportion of adults (25–64) without any professional education or vocational training to 30% (30.31% in 2012) 2. The high number of early school-leavers is a challenge at all levels of education 3. The low level of education acquired is a significant factor that affects employment and poverty risk 4. A third of working-age people in Estonia have no professional training, and this

		<p>considerably affects their competitiveness on the labour market</p> <p>5. The system of education does not focus enough on individuals or provide pupils with enough of the skills that they need to cope in their lives and on the labour market</p> <p>6. Teachers do not sufficiently apply teaching methods or support measures that take into account the specific needs of learners</p> <p>7. It is important to improve the educational and social inclusion of pupils with special educational needs or disabilities</p>
	<p>ESF (iii) Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences;</p>	<p>1. Objectives of 'Estonia 2020':</p> <p>a. reduce the proportion of adults (25–64) without any professional education or vocational training to 30% (30.31% in 2012)</p> <p>b. increase the participation rate of adults (25–64) in lifelong learning to 20% (12.9% in 2012)</p> <p>c. increase the proportion of people with tertiary education in the 30–34 age group to 40%</p> <p>2. CSR No.3 for 2013, incl. significantly increasing the participation of the low skilled in lifelong learning; continuing efforts to improve the labour-market relevance of education and training systems</p> <p>3. A third of working-age people in Estonia have no professional training, this considerably affects their competitiveness on the labour market.</p> <p>4. One of the significant problems of the Estonian economy is structural unemployment.</p> <p>5. Constant and accelerating changes in skills required are one of the reasons for the mismatch between people's education and the labour market.</p>
	<p>ERDF investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure;</p>	<p>1. Objective of 'Estonia 2020': to reduce the proportion of adults (25–64) without any professional education or vocational training to 30% (30.31% in 2012)</p> <p>2. The need to adapt the school network to demographic changes</p> <p>3. The high number of early school-leavers is a challenge at all levels of education</p> <p>4. It is important to improve the educational and social inclusion of students with special educational needs or disabilities</p>
<p>(11) enhancing institutional capacity</p>	<p>ESF (i) investment in institutional capacity and in</p>	<p>1. Objective of 'Estonia 2020': maintain a structural surplus of the government budget</p>

of public authorities and stakeholders and efficient public administration.	the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance;	<ol style="list-style-type: none"> 2. CSR No.5 for 2013, incl. improving the efficiency of local governments and ensuring the high-quality provision of local public services 3. Governance is fragmented in Estonia. 4. Low policy-making capacity 5. The state budget and national strategic documents of Estonia are insufficiently consistent or linked to each other 6. Disparities in the capacity of local authorities to implement policies and provide public services 7. The expertise of the civil service remains low as regards certain topics, the quality of management and analytical work is insufficient and knowledge-based solutions are not widely used 8. Untapped potential in regional development activities 9. Objective of the Regional Development Strategy 2014-2020 to strengthen local and regional development capacity and cooperation
	ERDF enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration	<ol style="list-style-type: none"> 1. Objective of 'Estonia 2020': to maintain structural surplus of the government budget 2. CSR No.5 for 2013, incl. improving the efficiency of local governments and ensuring the high-quality provision of local public services 3. Inadequate coordination of the provision of public services and the development of e-governance (e-services) 4. Governance is fragmented in Estonia 5. Low policy-making capacity

1.4. Indicative allocation of EU support by Thematic Objective

Table 2. Indicative allocation of EU support by Thematic Objective for each ESI Fund

Thematic Objective	ERDF	ESF	CF	EAFRD	EMFF	TOTAL
1. Strengthening research, technological development and innovation	642 313 830	0	0	23 528 000	0	665 841 830

2. Enhancing access to, and use and quality of, information and communication technology	84 574 468	0	0	0	0	84 574 468
3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	301 329 787	0	0	264 975 450	81 606 641	647 911 878
4. Supporting the shift towards a low-carbon economy in all sectors	48 936 170	0	247 117 021	16 140 000	0	312 193 191
5. Promoting climate change adaptation, risk prevention and management	0	0	56 259 043	116 885 000	0	173 144 043
6. Protecting the environment and promoting resource efficiency	0	0	254 292 553	116 885 000	13 305 552	384 483 105
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	0	0	475 904 255	0	0	475 904 255
8. Promoting employment and supporting labour mobility	166 305 585	228 122 335	0	67 710 000	0	462 137 920
9. Promoting social inclusion and combating poverty	254 458 777	133 753 104	0	81 000000	0	469 211 881
10. Investing in education, skills and lifelong learning	217 897 992	194 889 771	0	10 680 000	0	423 467 763
11. Enhancing institutional capacity and efficient public administration	89 132 979	30 211 800	0	0	0	119 344 779

Technical assistance	69 311 805	0	39 749 010	28 083 108	6 058 225	143 202 148
TOTAL	1 874 261 393	586 977 010	1 073 321 882	725 886 558	100 970 418	4 361 417 261

Table 3. Information on the Youth Employment Initiative planned under Thematic Objective 8

YEI specific allocation	0
ESF matching funding	0

Table 4. Information on the allocation to technical assistance, by category of region, where appropriate

Fund	Category of region, where appropriate	Allocation to technical assistance (EUR)	Share of technical assistance of total allocation (by Fund and category of region, where appropriate)
ERDF	Less developed regions	69 311 805	3.7%
	Transition regions	-	-
	More developed regions	-	-
ESF	Less developed regions	-	-
	Transition regions	-	-
	More developed regions	-	-
CF	NA	39 749 010	3.7%
EAFRD	NA	28 083 108	3,9%
EMFF	NA	6 058 225	6%

Table 5. Share of ESF of Structural Funds (ERDF and ESF)

Share of ESF in Structural Funds (ESF and ERDF) resources in the 2007–2013 programming period	17.3%
ESF minimum share in the Member State	18%
Share of ESF in Structural Funds resources in the 2014–2020 programming period	23.8%

Total indicative amount of EU support for climate change objectives

The total indicative amount of support for climate change-related objectives from ESI funds is 815 010 532,4 €.

1.5. Application of horizontal principles and policy objectives for the implementation of the ESI Funds

1.5.1. Involvement of partners

The drafting of the Partnership Agreement was coordinated by the Ministry of Finance and the Ministry of Agriculture in cooperation with all other ministries and the Government Office. The drawing up of the Operational Programme of the Structural Funds was managed by the Ministry of Finance; the preparation of the Rural Development Plan and the Maritime and Fisheries Fund Operational Programme was managed by the Ministry of Agriculture.

In November 2011 the Ministry of Finance formed a high-level inter-ministerial working party whose task was to coordinate preparations for use of EU budgetary resources in the period 2014–2020.

Involvement of social partners was based on the involvement plan¹³¹ approved by the steering committee and prepared at the beginning of the process in accordance with Articles 5 and 46 of the Common Provisions Regulation, the European Code of Conduct on Partnership¹³² and the current Good Practice for Stakeholder Involvement¹³³.

Involvement of non-governmental partners in discussions on the Partnership Agreement and the Operational Programmes was coordinated by the Ministry of Finance. The Ministry of Agriculture arranged the involvement of partners in planning for the use of the rural development and fisheries funds. The ministries also involved and will involve partners in the preparation of the development plans for the policy areas covered by the Partnership Agreement.

The main objectives of involvement in the process of drawing up the Partnership Agreement were to provide information to the general public and gather ideas, i.e. to give the general public the opportunity to have a say in the programming of the new 2014–2020 financing period of the EU. To this end, the preparation process was kept as open as possible, and opinions and suggestions were gathered from partners in different sectors at various levels and from umbrella organisations who wanted and were able to contribute to solving the current and future problems of Estonia. The overall aim was to prepare high-quality Operational Programmes¹³⁴ relying on the valuable knowledge and cooperation of the parties involved and to achieve their purposeful and effective implementation.

The national planning process was divided into stages, and partners from different levels were involved in each stage. The partners were divided into two groups: partners' umbrella organisations and sectoral partners.

At the stage of drawing up the strategy and preparing the implementation system, umbrella organisations that have expertise and advocacy interest as regards the needs and development prospects of many different areas, i.e. at the national level, were involved. These organisations included: the Estonian Chamber of Commerce and Industry, the Estonian Employers' Confederation, the Estonian Association of Small and Medium-Sized Enterprises, the Estonian Council of Environmental NGOs, the Estonian Trade Union Confederation, the Network of Estonian Non-Profit Organisations, the Association of Estonian Cities, the Association of Municipalities of Estonia, the Estonian Chamber of Agriculture and Commerce, the Leader Forum, the Estonian Rectors Conference, the Estonian Qualifications Authority and the Estonian Chamber of Disabled People. Involvement of partners' umbrella organisations was the responsibility of the Ministry of Finance.

The Ministry of Social Affairs was involved as the entity responsible for social inclusion, gender equality and non-discrimination issues, and the Gender Equality and Equal Treatment Commissioner was involved as the relevant supervisory authority. The role of other ministries was to engage partners by sector, by organising sectoral discussions and involving partners in the development of programmes and measures (and in subsequent implementation). Each ministry participating in the development of the Partnership Agreement prepared its list of partners and stakeholders with whom they cooperated during the process. These partners were treated as sectoral partners and included advocacy organisations, supporting and funding organisations, professional organisations (occupational, professional or creative associations), expert organisations (e.g. think-tanks and research institutions) and service providers (including consulting firms). The list of sectoral partners

¹³¹The involvement plan can be viewed on the website of the Structural Funds: http://www.struktuurifondid.ee/public/EL_2014-2020_kaasamise_kava1.pdf

¹³²http://ec.europa.eu/regional_policy/what/future/pdf/preparation/da_code%20of%20conduct_en.pdf

¹³³The involvement plan can be viewed on the website of the Government of the Republic: <http://www.valitsus.ee/et/riigikantselei/kaasamine-ja-mojude-hindamine/kaasamise-hea-tava>

¹³⁴Operational Programme for Cohesion Policy Funds, Rural Development Plan, and Maritime and Fisheries Fund Operational Programme (hereinafter 'Operational Programmes')

is given in the involvement plan (Annex 1¹³⁵) published on the website of the Structural Funds and includes a total of 284 different organisations that were directly involved in the preparatory work. Other interested organisations could request their addition to the list of partners. Ministries arranged for substantive engagement of partners – direct and ongoing communication with the partners determined by them and the review of proposals put forward during consultations.

Also, organisations and individuals who were not included in the list of partners were able to submit their written proposals and views during public consultations.

Updated information about the course of national programming and participation opportunities, together with background information and working papers, was available on the website www.struktuurifondid.ee. Information about sectoral discussions and preparations was provided on the websites of the relevant ministries. For the purpose of involvement, discussions and roundtables on national and sectoral topics were organised with the participation of both partners and non-governmental experts (for the purpose of analysing Estonia's development needs and opportunities and agreeing on funding priorities). In addition, the Ministry of Finance organised informative seminars with other ministries. The seminars gave participants an overview of the current state of planning as well as the following stages, the contents of the documents being prepared and feedback on how the positions submitted during the discussions and consultations have been taken into account. The materials of all seminars and roundtable discussions were made available on the website. The planning process, the draft documents and the decisions were also discussed, where possible, at seminars organised by partner organisations.

Public written consultations concerning preliminary decisions and drafts were organised in the key stages of the programming process via electronic channels (EIS and www.osale.ee; proposals could also be sent directly via e-mail), which enabled all interested parties to submit their views and proposals. Public consultation on the first drafts of the Partnership Agreement and the Operational Programme for Cohesion Policy Funds was held over four weeks in June 2013 (including, among other things, the selection of thematic objectives, the financing plan, expected results, coordination arrangements and a description of incorporating horizontal principles). During the consultation, 15 organisations and individuals submitted their proposals. In summary, the proposals emphasised the need to pay more attention to ethnic minorities, youth unemployment, social partners' capabilities, synergy and coordination between funds, balancing regional differences and the promotion of gender equality, higher education and renewable energy.

As a result of the public consultation, amendments were introduced to the Partnership Agreement and the Operational Programme for Cohesion Policy Funds, which clarify the proposed interventions on issues raised by the partners. Among other things, more attention is now paid to the regional dimension, enhancing the capabilities of partners as well as to the horizontal theme of gender equality and equal treatment. Horizontal themes will also be discussed during the development and implementation of the sectoral development plans that underpin the Operational Programmes, as well as in the process of elaborating interventions to implement the Operational Programmes, incl. when drafting the terms and conditions of measures. It is intended to contribute to an increase in the capacity of various partner organisations to participate in policy-making and provide public services with the help of interventions designed under the 'administrative capacity' priority axis. Representatives of partners from relevant sectors will be involved in the development of the interventions and formulation of their terms (taking into account, among other things, the need to avoid potential conflicts of interest and, on the other hand, considering the possibility of partial reimbursement of the costs associated with the partners' participation). Entities responsible for the development and implementation of the interventions are expected to observe, *inter alia*, the Good Practice for Stakeholder Involvement.

¹³⁵Annex 1 to the involvement plan can be viewed on the website of the Structural Funds:
http://www.struktuurifondid.ee/public/2014/Kaasatavad_organisatsioonid_koduleht_jaanuar2013.pdf

The main added value of involving partners in the preparation of the Partnership Agreement consisted of agreeing on the development needs of Estonia and the resulting funding priorities. Throughout the planning process, the proposals and comments of partners formed valuable input, influencing the strategic choices made in the process of planning interventions. For example, the opinions of entrepreneurs and representatives of business organisations were taken into account when planning interventions under Thematic Objectives 1 and 3 (including the choice of smart specialisation growth areas, the development of entrepreneurship and business studies in education, preparing measures for improving access to capital). The priorities of the representative organisations of local governments were also taken into account. This means that the development of social and education infrastructure, investments into sustainable public transport and the organisation of various national information systems as well as the development of their interoperability have an important role in future investment plans.

At the seminars organised in June 2013 for the purpose of discussing and validating the initial proposals and comments resulting from the ex-ante evaluation of the drafts of the Partnership Agreement and the Operational Programme for Cohesion Policy Funds, representatives of partners' umbrella organisations deliberated the relevance of the initial proposals. During the workshops organised in September and October 2013 for the purpose of updating the July 2013 versions of the planning documents, partners were involved in a discussion on the preliminary recommendations of ex-ante evaluators and SEA experts and the initial informal observations of the Commission with a view to reviewing the intervention logic. In addition, partners were actively involved at the sectoral level where, concurrently with the drafting of the Partnership Agreement and Operational Programmes, several national development plans to be implemented with the support of the ESI Funds were updated. For example, representatives of umbrella organisations from local authority units were consulted when designing interventions to improve the provision of public services.

Expedient exchange of information took place via e-mail and mailing lists. There were two mailing lists managed by the Ministry of Finance to inform the interested parties. Online at www.strukturifondid.ee, anyone interested could subscribe to the general mailing list through which information about activities aimed to engage the general public (e.g. public information seminars and consultations) and materials uploaded to the website (basic analyses, ex-ante evaluation reports etc.) was shared. The mailing list of partners was open to the representatives of partner organisations (1–2 representatives from each) and was used to share information on the state of planning and seminars more often.

Involvement of partners in the national process of planning measures creates significant substantive value in terms of subsequent implementation of activities. Therefore, it is important to ensure that entities implementing the measures abide by the following minimum requirements for partnership: (1) the Good Practice for Stakeholder Involvement should be observed when developing measures; information on the development of measures as well as on the possible opening of the measures should be published, thus enabling partners to contact the coordinators of the measures in a timely manner; (2) when developing measures, key partners should be identified and conditions conducive to partnership should be created, while estimating partners' development needs and supporting their capacity; and (3) civil society partners should be involved in the implementation of measures even if no open call for proposals has been announced.

The monitoring committees to be set up for the purpose of monitoring the implementation of the Partnership Agreement and Operational Programmes will include representatives of agencies as well as partners: OP Monitoring Committees will include representatives of umbrella organisations and sectoral committees (sub-committees of the Monitoring Committee) will include representatives of partner organisations active in the sector concerned. Given the tasks of these committees (as discussed in section 2.5), this arrangement will enable partners' representatives to monitor the development and implementation of interventions and, where necessary, to make suggestions to enhance the effectiveness of interventions.

In October 2011, a steering committee was established for the preparation of the Rural Development Plan. The steering committee included different ministries (Ministry of Finance, Ministry of Economic Affairs and Communications, Ministry of the Environment, Ministry of the Interior, Ministry of

Education and Research) and organisations representing social partners, including representatives of the relevant networks (a total of 29 organisations). The steering committee discussed and agreed on all important aspects of the development plan (analysis, objectives, measures, funding). The steering committee held a total of 15 meetings. Expert groups, which included, besides the organisations represented in the steering committee, specific interest groups (about 30 organisations), were established for the purpose of the development of the Rural Development Plan. The expert groups held more than 50 meetings in the stage of developing the measures.

In the course of consultations, a number of partners came to the conclusion that all decisions related to the Rural Development Plan 2014-2020 should be considered in conjunction with the decisions of the 1st pillar of the Common Agricultural Policy. Estonia decided to transfer 10% of the funds of the 1st pillar to the 2nd pillar. The 2nd pillar enables the better targeting of the funds and finding of appropriate instruments for each sector and group of applicants based on their specific nature and requirements. The aspect most hotly debated during consultations was the budget and the allocation of budgetary funds between measures. When the budget was updated, an additional meeting of the steering committee was held. The meeting agreed that the budgets of R&D, joint activities and environmental measures would not be cut in contrast to what was planned initially. The form of payment also raised questions – several partners found that support should be continued to be granted in the form of non-repayable assistance. The Ministry of Agriculture, however, took the position that financial instruments should be introduced under the Rural Development Plan 2014-2020 in order to reduce dependence on aid, ensure access to capital for a wider target group and to increase the impact of aid. The partners repeatedly pointed out that other policies should also pay attention to the balanced development of rural regions.

In the process of drawing up progress reports, partners will be mainly involved in two ways: all partners through public consultation; and the more important umbrella organisations through their participation in the work of the monitoring committee. The Ministry of Finance, with the help of other relevant ministries, will draw up the preliminary version of a progress report. The draft will then be presented for public consultation, with stakeholders able to submit their comments and proposals. The progress report will be discussed in and approved by the monitoring committee (before submission to the European Commission). Representatives of the most important umbrella organisations will be the members of the monitoring committee and be able to contribute to the final version of the progress report. Progress reports will make use of the information in the OP monitoring reports, various evaluation reports, implementation overviews of sectoral development plans etc. Sectoral partners and umbrella organisations will also participate in drafting and reviewing these documents.

1.5.2. Promotion of equality between men and women, non-discrimination and accessibility

The general principles of addressing horizontal themes, including the promotion of equality between men and women, non-discrimination and access, are described in section 1.5.4 of the Partnership Agreement.

In order to reduce social stratification, inequality and exclusion and to strengthen social relations and ties, all policies and measures should be based on the needs and social statuses of social groups (including men and women, disabled people, older people, young people and people representing different nationalities), giving consideration to how the measures proposed could affect the situation of members of these groups in society and prioritising equality and equal opportunities.

In the preparation of the Partnership Agreement and development plans and planning activities, attention is paid to sub-groups within the target groups, e.g. men and women, Estonians and non-Estonians, young people, older people and disabled people. These demographic and social groups may have different needs, opportunities and access to resources, and therefore the activities planned will have a different impact on them.

Sectoral statistics and analyses point to the heterogeneity of target groups and the consequent need for well-thought-out and customised policy-making. To achieve better results, it is intended to also

consult stakeholders, non-profit organisations that aim to achieve the objectives of the policy priorities, and other experts.

The objective is to achieve the increased cohesion and sustainability of society by ensuring equal treatment and equal opportunities, and reducing social stratification and exclusion.

This objective is divided into four priorities:

- gender equality, which means ensuring equal rights, obligations, opportunities and responsibilities of men and women in all spheres of life. The following aspects of the equality of men and women are addressed in the guidelines: equality between men and women in education, science and the labour market; long and high-quality life of men and women; and equal participation of men and women in decision-making;
- age equality, which means ensuring and protecting the rights, responsibilities, obligations and opportunities of the most vulnerable age groups to maintain their quality of life;
- equal rights and opportunities for disabled people, which means ensuring that all members of society, including disabled people, have equal rights to improve the quality of their life and participate in society and to self-empowerment; and
- ensuring equal rights regardless of nationality, which means increasing the socio-economic well-being and opportunities of self-empowerment for national and ethnic minorities and eliminating cultural barriers and negative ethnic stereotypes in society.

Under the Operational Programme for Cohesion Policy Funds, the promotion of equal opportunities, including gender equality, will be supported in particular through the following investment priorities: 'access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility'; and 'investing in health and social infrastructure which contribute to national, regional and local development, reducing health inequalities, and transition from institutional to community-based services'. Under these investment priorities, support will be provided for the development of childcare services; the adaptation of the homes of disabled people to support their participation in the labour market and ability to cope in society; the development of welfare services; investments in special welfare infrastructure; and the adaptation and better social coping of newly arrived immigrants and poorly integrated permanent residents to support their competitiveness and increase their participation in the labour market.

In order to ensure equal opportunities, including gender equality, any support measures related to equal opportunities are mapped and analysed to find ways to strengthen the impact of the measures. If necessary, this is done through the objectives of a measure, supporting activities, recipients and selection criteria.

The monitoring and evaluation of the Rural Development Plan will be based on a uniform EU-wide monitoring and evaluation framework, under which output indicators (measure level), result indicators (target sector level) and impact indicators (policy level) are collated. Where appropriate, data on indicators will be collected by gender or age group. The measures to be implemented under the Development Plan will be equally open to men and women. Given the specifics of the sectors addressed under the Development Plan, no gender criteria will be used in the selection of the target groups. Equal treatment of people of different ages will be ensured in the preparation and implementation of the Development Plan. There will be one exception, however: owing to the unfavourable age structure of the agricultural sector and the need to contribute to the change of generations, special attention will be given to young people under the Development Plan. There will be start-up support for young farmers, and higher support rates will be applied in the case of young farmers' agricultural investments. The Development Plan treats disabled persons on an equal footing with other people, giving them equal rights and opportunities. Different ethnic groups will be treated equally under the Development Plan. The plan provides for the application of the local initiative-based LEADER approach, which enables the potential specific needs of a particular group of people to be addressed at the local level. Thus, given the nature of the Development Plan, it pays particular attention to young people, but no special measures or conditions are applied to other groups.

However, everyone is guaranteed equal rights and opportunities to access the measures to be implemented under the Development Plan.

1.5.3. Sustainable development

The 'Sustainable Estonia 21' strategy is the framework document that contains the principles of sustainable development observed on a cross-sectoral basis and integrated in the planning and development of different sectors. According to the strategy, the development of Estonia builds on the viability of Estonian cultural space, increasing welfare, a cohesive society and ecological balance. The sustainable development of the country requires coherent and consistent development of the social, economic and environmental spheres, while culture creates the preconditions for the emergence of new values and leverages developments in a number of related areas. The population should be provided with a high quality of life and a safe and clean environment both today and in future by pursuing long-term national development goals and focusing on the reasonable use of natural resources, shaping people's consumption habits to ensure reduced negative environmental impact, implementing new technology and strengthening social cohesion.

The 'polluter pays' principle is enforced in Estonia in particular through the Environmental Liability Act. The Act provides for the prevention and remedying of environmental damage, ensuring that the damaged environment is either restored or replaced by the person responsible for the damage. In a wider sense, the 'polluter pays' principle has been incorporated in Estonian tax policy and the selection of economic levers aimed at encouraging enterprises to discontinue pollution and to invest in reducing the negative environmental impact of their activities. Because such investments generally increase productivity, they have a favourable impact on the competitiveness of enterprises. According to the general principles of organising public procurement, as defined in the Public Procurement Act, green solutions should be preferred. Different aspects of sustainable development, such as resource efficiency, nature protection, resistance to extreme weather conditions, etc., the results of a life-cycle analysis or any other relevant factors can be considered when deciding which solutions are more environmentally friendly, taking into account the specific nature of a procurement.

In the context of using Structural Funds, the following priority axes will directly contribute to the application of the principles of sustainable development: Growth-capable entrepreneurship and internationally competitive RD&I; Energy efficiency; Green infrastructure and improved preparedness for emergencies; Sustainable transport; Infrastructure for ICT services; Administrative capacity; and Sustainable urban development.

Under the 'Growth-capable entrepreneurship and internationally competitive RD&I' priority axis for the use of Structural Funds, enterprises will be encouraged to employ measures to reduce the environmental impact of their activities, while activities will be supported which increase energy and resource efficiency (e.g. use of waste as a resource) and contribute to a reduction in impact on the environment, including by reducing waste generation and air pollution. With the help of Structural Funds, enterprises will be able to introduce the best available techniques and modern end-treatment technologies and to promote the recycling of waste. Investments in the resource and energy efficiency of enterprises are also consistent with the principles of sustainable development, since economic growth through an increase in the competitiveness of enterprises goes hand in hand with environmental protection. Under the 'Green infrastructure and preparedness for emergencies' priority axis, the monitoring capacity of the Rescue Board will be increased to enhance the detection of marine pollution and the prosecution of polluters.

In the implementation of the Operational Programme, environmental protection will be promoted under the 'Water protection' priority axis, under which groundwater and surface water will be protected through the modernisation of infrastructure and the rehabilitation of contaminated sites and abandoned peat production areas, more viable ecosystems will be ensured, and emissions into the air will be reduced. The rehabilitation of contaminated sites will be based on, among other things, the 'polluter pays' principle: funding will only be granted for the rehabilitation of sites whose polluters cannot be identified or held liable. Under the 'Energy efficiency' priority axis, the use of renewable

energy in the housing and transport sectors will be promoted. Protection of the environment and preservation or restoration of ecosystems will also be promoted under the 'Green infrastructure and improved preparedness for emergencies' priority axis. In addition, climate change mitigation and emergency response capabilities will be boosted. Activities that contribute to the achievement of a favourable conservation status of species and habitats as well as the diversity of landscapes will be supported to ensure that habitats can function as a single ecological network. With a view to preventing emergencies caused by climate change, meteorological and hydrological monitoring will be enhanced; monitoring capacity will also be increased to enhance the detection of marine pollution and the prosecution of polluters.

Under the 'Sustainable transport' priority axis, sustainable development will be promoted through the development of transport links and public transportation. Under the 'Infrastructure for ICT services' and 'Administrative capacity' priority axes, support will be provided for the development of e-services and other public services, contributing to sustainable development by reducing the need for mobility. Developing sustainable urban mobility in order to reduce air emissions and noise pollution will be supported under the 'Sustainable urban development' priority axis. By the decision of the Government Cabinet (21 June 2013), environmental protection and climate have been identified among the themes requiring cooperation between many other policy areas and purposeful action to achieve the desired results and objectives set and which should be taken into account in the preparation of development documents (see section 1.5.4).

To incorporate sustainable development as a cross-cutting theme, the formulation of the terms and conditions of interventions financed from the ESI Funds will include a discussion on which conditions and criteria supporting the sustainable development, environmental and/or climate policy goals are appropriate, given the objectives of the interventions and the activities designed to achieve these. On this basis, where necessary, preconditions will be set (e.g. requirements that applications for support must meet), the relevant needs will be taken into account when drawing up lists of eligible activities and expenditure, the appropriate selection criteria will be determined etc. Taking into account the specifics of the interventions, the indicators of environmental impact to be specified in the applications for support and monitored during the implementation of projects will also be determined, where appropriate.

In the case of the priority axes and interventions that aim to support the construction or upgrading of infrastructure facilities and the acquisition of equipment to be used outdoors, the development of the interventions will consider, inter alia, the need to design buildings and structures and define the requirements to be set for the equipment in such a way as to ensure that these buildings, structures and equipment remain reliable even in extreme weather conditions and duly withstand potential damage. This applies in particular to the development of transport, energy, research and innovation, environmental, healthcare, welfare and education infrastructure.

Under the Rural Development Plan 2014–2020, a specific objective has been set for the sphere of the environment, namely, to ensure environmentally friendly use of agricultural land, taking into account regional characteristics, and preserving biodiversity, traditional landscapes and agriculture and forestry of high natural value. The focus will be, in particular, on reducing the negative impact of agricultural practices on soil, water and biodiversity. The environment as a cross-cutting theme is also addressed under other objectives and measures.

From the environmental point of view, the active environmental measures to be implemented under the RDP – agri-environmental support and organic farming – will play the most important role. In environmental terms, agri-environmental support should be treated as a comprehensive package: one that includes, in particular, general support for the introduction of environmentally friendly management practices and raising environmental awareness (support for environmentally friendly management) and various types of support for resolving specific problems (support for soil protection, environmentally friendly gardening, growing local varieties of plants, keeping animals belonging to endangered breeds and maintaining semi-natural habitats).

Natura 2000 support for both agricultural land and private forest land are intended to promote the conservation and sustainable use of Natura areas. The survival of species and habitats is intended to be ensured with the help of the aforementioned support for maintaining semi-natural habitats – active environmental support that can be sought to protect eligible semi-natural communities present in Natura 2000 areas or other protected areas and entered in the environmental register.

To improve the environment and reduce negative environmental impact, it is important to raise environmental awareness, which is why special attention will be paid to this issue in the context of the measure to provide support for advisory services. To receive support, advisory services should cover, among other things, compliance requirements; agricultural practices beneficial to the climate and the environment and maintaining agricultural land in a suitable state; climate change mitigation and adaptation; and protection of biodiversity, water and soil. To encourage the provision of environmental advice, it is intended to show a preference for environment-related advisory services and apply the highest possible rate of support to such services under this measure.

Environmental impact aspects were also borne in mind when developing the different types of investment support. Under the 'Investments in the improvement of the performance of farms' measure, preference will be given to projects that involve environmental investments (manure storage facilities, feed sites and bioenergy). Also, preferential access will be given to farmers who have joined agri-environmental support or animal welfare schemes, as well as to recognised organic farming businesses. When selecting projects under the measure addressing the development and maintenance of agricultural and forestry infrastructure, preference will be given to, among others, environmental protection facilities.

Respect for the principles of sustainable development was also discussed in the ex-ante evaluation and strategic environmental assessment reports (see section 1.2).

1.5.4. Horizontal principles and policy objectives

Many of the country's development needs and objectives are inherently cross- and inter-sectoral and therefore require activities to be planned in many sectors. The Cabinet agreed in its decision of 21 June 2012 that there were five important horizontal themes which require cooperation between many other policy areas and purposeful action to achieve the desired results and objectives set and which should be taken into account in the preparation of development documents: 1) environmental protection and climate; 2) equal opportunities; 3) the information society; 4) regional development; and 5) governance. Two of these spheres coincide with the horizontal areas of the EU that are discussed separately in sections 1.5.2 and 1.5.3; the last three are prioritised at the national level.

1.5.4.1. General principles of implementation

Each horizontal theme has been assigned to a responsible ministry, whose task is to see to it that the priorities and objectives of the themes are taken into account when planning measures and that the relevant indicators are used in development documents. In addition, the Ministry of Finance exercises general oversight of the mainstreaming of the horizontal themes in the process of programming the use of the EU Structural Funds.

So that horizontal principles are better implemented and integrated in development documents, guidelines have been prepared which set out the objectives, priorities and criteria of the five horizontal themes which should be taken into account in the process of planning activities and resources, incl. EU-funded activities.

The following will be ascertained when developing the measures specified in sectoral development plans and Operational Programmes: 1) whether there is a relation with the objectives set for horizontal themes; and 2) how additional measures or activities can contribute to achieving the objectives of horizontal themes in the policy area in question.

When programming the use of the EU funds, the relation will be assessed at the level of a sectoral development plan's sub-objective i.e. priority axis. The relevant horizontal themes will be addressed when elaborating the measures intended to be taken under a priority axis. The formulation of the terms and conditions of providing support will include determining the optimal ways of incorporating horizontal themes in the implementation of activities under the measure in question, and deciding whether any corresponding selection criteria need to be applied in the selection of projects and what these criteria are. Indicators will be set for the measures, which should be consistent with the objectives and priorities determined with regard to horizontal themes. In addition, certain measures will be accompanied by output indicators of cross-cutting themes which will enable the contribution of interventions to the achievement of the objectives of the cross-cutting themes to be monitored. The overall contribution to the horizontal themes will be evaluated through reports on the carrying out of development plans and their implementation plans. Reporting on EU-funded priority axes will take the form of monitoring reports and evaluations. Ministries in charge of horizontal themes will be responsible for evaluating the achievement of the set objectives in the country as a whole regardless of the sources of funding for activities that contribute to the objectives.

1.5.4.2. Horizontal themes

The following is a description of the objectives and priorities to be observed when drafting development documents and planning resources for the three horizontal themes designated as national priorities in addition to the prioritised horizontal themes of the EU.

Information society

Objective: smart use of the potential of information and communication technology to achieve the strategic objectives of Estonia.

Smarter implementation of information and communication technology (ICT) in different spheres of life and economic sectors is one of the major opportunities for development in terms of the development of the information society in Estonia. Development of the information society through smart implementation of ICT is a tool that should be mainstreamed into all sectoral development plans and observed in the planning and implementation of activities that aim to address sectoral challenges.

Priorities:

Smart use of ICT in addressing sectoral challenges – contributes to improved efficiency of public administration or in the provision of public services and to fostering the preconditions that are necessary for smart use of ICT by the target groups of the sector in question.

Promotion of the preconditions for using ICT – addressing sectoral challenges requires access to fast Internet, skills and the ICT sector as a strong partner.

Regional development

Objective: maximum use of the development potential of all regions and promotion of more balanced regional development, with each region building on its specific features to contribute to the increased competitiveness of Estonia as a whole, and quality jobs, services and a living environment guaranteeing that diverse activities are available in each functional region¹³⁶.

Regional development represents integrated output of the combined impact of sectoral development at the regional and local levels. Therefore, the following principles of shaping regional development

¹³⁶A centre-hinterland system which consists of the functional region's centre and of localities and local centres in the hinterland functionally related to the main centre, for the residents of which the functional region's centre is the main destination of daily and periodic mobility. Functional regions largely coincide with county territories.

should be mainstreamed into the formulation and implementation of sectoral policies, and the supporting co-effect of the policies on regional development objectives should be ensured.

Thus the horizontal objectives of regional development include, in particular, increased equality of the socio-economic status of regions and maximum and skilful use of the development potential of all regions for the benefit of their development. The horizontal objectives of regional development will be supported by the activities that contribute to the alleviation of certain regional problems, the exploitation of development potential or the reduction of socio-economic disparities. Also, the activities that support regional development objectives should help achieve a spatially more even level of living standards, satisfaction of basic needs, economic and labour market development and competitiveness.

Priorities:

Fostering development that evens out regional differences – offsetting the lack of development advantages or opportunities in a region through the development of other advantages, rather than merely endeavouring to equalise regional conditions or development indicators.

Taking into account the characteristics and special needs of regions – facilitating, *inter alia*, smart regional specialisation through wise use of inherent development advantages or resources has a significant impact on the development of both individual regions and of the country as a whole.

Taking into account the integrity of a region – carrying out different regional activities supports the development of centres and the reinforcement of centre and hinterland relations in functional regions (incl. connections, cooperation and appreciating the common interests of local authorities).

Applying the principle of subsidiarity in shaping regional development – where possible, preference will be given to decision-making closer to citizens (at the community, regional or local level). When planning development at the central government, regional and local levels, mutual cooperation and consideration for each other's development priorities should be ensured.

Governance

Objective: promoting comprehensive and effective national governance.

Fragmentation is considered one of the central problems of Estonian public administration¹³⁷. Developing comprehensive and effective national governance aims to address inter-sectoral development needs and is a prerequisite for achieving other objectives.

Priorities:

Coherent governance – promotion of different horizontal systems (e.g. civil service, including the remuneration system, development and training system and strategic planning and budgeting) and mechanisms (e.g. development of senior and middle management, rotation and consolidation of support services) to ensure that they strengthen the cooperation-oriented organisational culture of the civil service, align processes and structures and thereby contribute to more effective administration.

Inclusive and knowledge-based policy-making – aimed at strengthening the analytical capacity of public authorities, which is a prerequisite to making high-quality decisions.

¹³⁷See OECD review: Estonia. Towards a Single Government Approach, <http://www.valitsus.ee/et/riigikantselei/oecd-raport>

User-friendly provision of public services – public services, in physical and virtual environments, will be developed in a holistic manner, i.e. from the point of view of both users and service providers, and on the basis of prior in-depth analysis.

1.6. List of Operational Programmes for the ESI Funds, with the respective indicative allocations by Fund and by year

Programme title	ESI Fund	Category of region	Total (€)	2014	2015	2016	2017	2018	2019	2020
Operational Programme for Cohesion Policy funds 2014–2020	ERDF	Less developed region	1 874 261 393	234 019 348	245 517 844	256 371 542	267 450 209	278 743 279	290 238 198	301 920 973
	ESF	Less developed region	586 977 010	73 289 659	76 890 730	80 289 869	83 759 461	87 296 200	90 896 153	94 554 938
	CF	Less developed region	1 073 321 882	133 273 475	140 305 354	146 966 434	153 479 713	159 838 549	166 605 941	172 852 416
Rural Development Plan	EAFRD		725 886 558	103 626 144	103 651 030	103 676 345	103 702 093	103 728 583	103 751 180	103 751 183
Maritime and Fisheries Fund Operational Programme	EMFF		100 970 418	13 840 012	14 016 816	14 144 946	14 374 205	14 708 679	14 809 253	15 076 507
TOTAL			4 361 417 261	558 04 8638	580 381 774	601 449 136	622 765 681	644 315 290	666 300 725	688 156 017

1.7. Request for transfer of Structural Fund allocations between categories of regions

Not applicable

1.8. Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal

Not applicable

1.9. Request for a transfer of technical assistance to the European Commission

Not applicable

1.10. Information on the allocation related to the performance reserve, broken down by Fund and category of region, where appropriate, and on the amounts excluded for the purpose of calculating the performance reserve

1.	2.	3.	4.	5.	6.	7.	8.
			Amounts excluded for the purpose of calculating the performance reserve				

Fund	Category of region	Total EU support (EUR)	Matching ESF support to YEI (EUR)	CAP transfers	EU support subject to the performance reserve (EUR)	Performance reserve (EUR)	Performance reserve as a share of the EU support subject to the reserve
ERDF	More developed regions	-	-	-	-	-	-
	Transition regions	-	-	-	-	-	-
	Less developed regions	1 874 261 393	-	-	1 874 261 393	112 455 683,58	6%
	Special allocation to outermost or sparsely populated regions	-	-	-	-	-	-
Total ERDF					1 874 261 393	112 455 683,58	6%
ESF	More developed regions	-	-	-	-	-	-
	Transition regions	-	-	-	-	-	-
	Less developed regions	586 977 010	-	-	586 977 010	35 218 620,60	6%
Total ESF					586 977 010	35 218 620,60	6%
EAFRD	NA	725 886 558,00	-	-	725 886 558	43 553 193,48	6%
CF	NA	1 073 321 882	-	-	1 073 321 882	64 399 312,92	6%
EMFF	NA	100 970 418	-	-	100 970 418	6 058 225,08	6%
Total (all Funds)	4 361 417 261				4 361 417 261	261 685 035,66	6%

2. Arrangements to ensure effective implementation

2.1. Arrangements that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB

The drawing up and implementation of the Partnership Agreement is coordinated by the Ministry of Finance and the Ministry of Agriculture in cooperation with the other ministries, the Government Office and the national contact point of EU Strategy for the Baltic Sea Region. The drawing up and implementation of the Operational Programme of the Structural Funds is managed by the Ministry of Finance and those of the Rural Development Plan and the Maritime and Fisheries Fund Operational Programme are managed by the Ministry of Agriculture.

The planning is based on the national principle to link objectives for the use of EU instruments to other national and sectoral strategic initiatives. For this purpose, a proposal on the objectives, priorities and measures for the use of EU instruments (i.e. the basis for the Partnership Agreement and the Operational Programme) has been compiled in parallel with the sectoral development plans and updating of the State Budget Strategy. In the EU budget period 2014–2020, the use of the EU Cohesion Policy funds will be planned within one Operational Programme, and under the Partnership Agreement it will also be coordinated with the use of CAP and CFP funds. This way, planning will be more comprehensive and management across sectors will be more flexible. Planning of the use of the ESI Funds will also be coordinated with the European Territorial Cooperation and other EU funds and programmes, including the Connecting Europe Facility, the LIFE Programme, the Internal Security Fund (ISF), the Asylum, Migration and Integration Fund (AMIF) and various activities under Horizon 2020, thus ensuring that projects can be planned and implemented in an integrated manner. In the use of the Funds, information will be exchanged between the relevant ministries (implementing agencies) and implementing bodies with the aim of achieving greater synergy and avoiding overlap. In addition, potential applicants will be provided with advice concerning different Funds and programmes.

Sectoral development plans are prepared based on the State Budget Act and its implementing acts, which define the requirements for each development plan, including the indicators for measuring the results. The Ministry of Finance has also prepared guidelines for developing indicators for Structural Funds and describing the methodology.

There are strong links between the EAFRD, EMFF and Cohesion Policy Funds as to eligible activities. While the Cohesion Policy instruments are targeting several sectors in the region (in our case, the whole country), the other two Funds are focussing specifically on the development of the agricultural, maritime and fisheries sectors. Nevertheless, the contributions from all of the ESI Funds are intended to be used to increase employment, foster entrepreneurship and improve the living environment and use of resources. In addition, the activities to be conducted with the help of the Cohesion Policy funds will support the improvement of rural and coastal regions and vice versa. In the preparation of development strategies for rural and coastal regions, account will also be taken of overlapping regional development documents. Therefore, cooperation will be pursued in order to ensure synergy and exclude duplication.

Estonia intends to apply higher than minimum co-financing rates (including private sector resources, if necessary) to achieve better leverage effects when using the ESI Funds under the Operational Programme of the Cohesion Policy in priority axes, such as increasing social inclusion, supporting businesses with growth potential and the supporting of R&D activities, developing SMEs and regional entrepreneurship, energy efficiency and sustainable transport. The Rural Development Plan also foresees the application of different co-financing rate to different measures and higher than minimum state financing rates to achieve better leverage effects.

The ERDP 2014–2020 contributes to the implementation of horizontal principles of the Regional Development Strategy (principle of subsidiarity, spatial balancing of development, taking into account

the regional impact of sectoral policies, etc.). The ERDP 2014-2020 measures designed to increase the competitiveness of rural businesses and to diversify the rural business environment support the strategy's objective of stimulating entrepreneurship in functional regions; measures to promote more efficient use of natural resources and to improve innovation as well as measures contributing to the achievement of the region-specific objectives of the Regional Development Strategy support each other and increase the positive effect. The ERDP 2014-2020 measures also contribute to the achievement of the objective of promoting local and regional capacity for development. The Ministry of Agriculture was involved in the work of regional development strategy working groups and the Ministry of the Interior in the steering committee of the ERDP 2014-2020 in order to ensure that different policies complement each other.

Both EAFRD and EMFF are also used to implement regional development measures through CLLD. The management authority for both funds is the Ministry of Agriculture and the authority for the use of funds is PRIA. Cooperation in the development and implementation of the measures supported from these funds is a continuous process.

Coordination of the design and implementation of programmes funded within the framework of the European Territorial Cooperation and the European Neighbourhood Instrument is the responsibility of the Ministry of the Interior, which also manages the operation of the coordination mechanisms agreed between the countries participating in the programmes and arranges for the exchange of necessary information, including with a view to avoiding financing overlaps.

To avoid duplication of work and ensure coordination between instruments and Operational Programmes, national processes related to planning and budgeting will be combined: budgetary decisions will be made considering all instruments (incl. EU support) together, and their use will be harmonised, where necessary. The complementarity of measures and instruments will be borne in mind and managed during the drafting of the State Budget Strategy and annual State Budget Acts and during the monitoring of their implementation. For example, when planning finances for the transport sector both fuel excise tax revenue and EU funds (incl. ESI Funds and the Connecting Europe Facility) will be considered; for the implementation of environmental policies, revenue from environmental taxes and charges, funds intended for the promotion of renewable energy under the Electricity Market Act, the ESI Funds and other means of both national and local budgets will be considered; to organise fisheries supervision and carry out research projects, both fishing charges and EMFF funds will be considered; for the implementation of labour market policies, the means channelled via the Estonian Unemployment Insurance Fund and the ESI Funds will be considered; and to promote the quality of R&D and higher education, the performance agreements funded from the state budget, participation in the activities of the 7th Framework Programme (and Horizon 2020) and the European Research Area and the ESI Funds will be considered. In the context of the policy objectives set by the Government of the Republic and specified in the State Budget Strategy, the contribution of the ESI Funds is particularly important in the following areas: competitive economic environment, education, labour market and social security, public health, energy, transport, information society, integration, environmental protection and rural and regional development. For example, the indicative share of EU support for climate change objectives from ESI Funds and the part of the Cohesion Fund transferred (193 382 433 €) to CEF form together 20% (815 010 532,4 € from ESI funds and 76 552 973,2 € from transfer to CEF).

As part of reporting on the implementation of the budget, the Government of the Republic is regularly provided with overviews of the use of all EU assistance. This ensures common discussions of the results, problems and solutions related to the use of Structural Funds, support for rural development, the maritime and fisheries sectors and other EU instruments. This mechanism also enables the processing of proposals to amend Operational Programmes to be coordinated and respective decisions to be formulated.

In addition to the 'Estonia 2020' National Reform Programme¹³⁸ both the State Budget Strategy and the Operational Programmes are based on sectoral development plans that define the objectives of development and priority fields of activity in various sectors. In addition to other documents, the EU Strategy for the Baltic Sea Region¹³⁹ and its (revised) Action Plan will be considered among the bases for programming (the planned contribution by the ESI Funds to achieving the targets of the strategy is discussed in section 3.1.4). Thematic coordination, incl. combining different sources to fund a particular sector, will take place through the monitoring committees of the Operational Programmes and, if necessary, through subcommittees or sectoral committees set up and managed on the basis of existing national coordination mechanisms, where these exist. The responsibilities of the sectoral committees (incl. monitoring progress towards the targets of measures, making recommendations and monitoring their implementation to ensure efficient implementation and making recommendations on conducting evaluations) are derived from the need to harmonise the sectoral planning of measures and the monitoring of their implementation across ministries to increase effectiveness. The activities of sectoral committees should ensure concerted activities among institutions and partner organisations, synergy in implementation and that financing for similar activities or objectives does not overlap. The Monitoring Committee of the Operational Programme for Cohesion Policy Funds will consist of representatives of all related ministries, the European Commission and partners. Sectoral committees (sub-committees to the Monitoring Committee) will consist of representatives of related ministries and partners. Besides sectoral committees, a coordination mechanism – a national working group – was established in order to implement the objectives of the EU Strategy for the Baltic Sea Region. The members of the working group are the national contact point, representatives of Managing Authority and other ministries, coordinators of priority axes, etc. The working group coordinates information exchange concerning the EU Strategy for the Baltic Sea Region, its Action Plan and priority areas; programming of funds of relevance for EUSBSR implementation, as well as monitoring of implementation.

The Partnership Agreement and Operational Programmes have been prepared in cooperation with the institutions (incl. the National Contact Point and working group for the EU Strategy for the Baltic Sea Region) dealing with other EU financing instruments (incl. European Territorial Cooperation programmes, the Connecting Europe Facility, Horizon 2020, LIFE internal affairs and justice programmes) in order to avoid duplication of eligible activities and to promote synergy in sectors that are financed from several sources. With a view to coordinated planning of the use of national funds and EU central funds (e.g. the Connecting Europe Facility and various activities under Horizon 2020, LIFE etc.), cooperation will be pursued and information will be exchanged between the bodies in charge of the sectors related to these funds in order to ensure that activities essential to Estonia are carried out and to promote participation in international cooperation networks (e.g. higher education institutions in Erasmus+ cooperation, enterprises and R&D institutions in consortia operating under Horizon 2020, and environmental NGOs in cooperation aimed at achieving the objectives of the LIFE programme). The measures support Estonia's participation in the European Research Area, Innovative Union and Horizon 2020 as well as in other partnerships and created preconditions for the implementation and adoption of innovative initiatives in Estonia (including ERA Chair, teaming-twinning, ERA-NET, JPI, Art.185 and 187 partnerships, EIT Knowledge and Innovation Communities, etc.) and international marketing of research and higher education. The objective of internationalisation is to achieve a synergy between the EU Structural Funds and the measures of Horizon 2020, including the use of the mobility opportunities offered by the COFUND scheme. As regards international cooperation in the area of research, the investments that help to increase the participation and visibility of Estonia and achieve a synergy between the EU Structural Funds and the measures of Horizon 2020, while avoiding possible overlapping, are preferred. To plan activities aimed at climate policy objectives, revenue from the EU greenhouse gas emission quota trading scheme will be considered in combination with ESI Funds. Also, information will be exchanged in

¹³⁸<http://valitsus.ee/et/riigikantselei/eesti2020>

¹³⁹<http://www.struktuurifondid.ee/laanemerestrategie/>

terms of the loans the state receives from the EIB, in order to better coordinate funding flows. Cooperation between the institutions administrating EU support mechanisms will continue in the development, implementation and monitoring of measures: all related institutions and major partners will be involved in the process of developing the terms and conditions of measures, while paying attention to the need to avoid later conflicts of interest. In addition to daily involvement, information exchange and cooperation, coordination during the implementation phase will also be supported by electronic information systems for the administration of support which are interfaced and make information available to all parties.

2.2. Data for ex-ante verification of compliance with the rules on additionality

Gross formation capital	2014	2015	2016	2017	2018	2019	2020
	4.3	4.1	3.5	3.6	3.1	2.8	2.4

2.3. Summary of the assessment of compliance with ex-ante conditionalities

Table 6. Thematic ex-ante conditionalities

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	Yes	A national or regional smart specialisation strategy is in place that:	Yes	<p>Estonian Research, Development and Innovation Strategy 2014–2020 ‘Knowledge-based Estonia’, approved by the Parliament on 22.01.2014 (http://www.riigikogu.ee/?id=178305)(https://dhs.riigikantselei.ee/avalikteave.nsf/documents/NT001D7E92?open&xsl=true)</p> <p>Entrepreneurial Growth Strategy 2014–2020, approved by the Government of the Republic of 31.10.2013 (https://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Eesti_ettevotlu_se_kasvustrateegia_2020.pdf)</p>	<p>The criteria have been fulfilled. The smart specialisation framework consists of the approved RD&I Strategy and the Entrepreneurial Growth Strategy. The strategies make use of the smart specialisation methodology, focusing on a limited number of growth sectors. The selected priorities will be supported in all development plans. For this purpose, a coordinating management structure will be established. Thus, the specialisation sectors will be developed holistically with the help of the measures addressing research, innovation and entrepreneurship.</p>
		— is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;.	Yes	<p>The criterion is fulfilled by the new RD&I Strategy 2014–2020 and the Entrepreneurial Growth Strategy 2014–2020. The results of SWOT analysis are presented in Annex 1 to the RD&I Strategy 2014–2020 (page 17). In order to select the priorities of smart specialisation, quantitative (http://www.arengufond.ee/upload/Editor/Publikatsioonid/Nutikas%20spetsialiseerumine%2020_02_2013.pdf) and qualitative (http://www.arengufond.ee/wp-content/uploads/2013/06/AF_kitsaskohad_final_2.pdf) analyses of smart specialisation have been carried out through an entrepreneurial discovery process with the participation of</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				<p>researchers, entrepreneurs and policy experts. The processes of setting the priorities of the smart specialisation framework are described on pages 13–15 of the quantitative analysis and pages 13–20 of the qualitative analysis. The list of parties involved in the entrepreneurial discovery process is given in Annexes 1 and 2 of the analyses. In addition, a relevant study was carried out and recommendations for the new strategy period were given under the Research and Innovation Policy Monitoring Programme (http://tips.ut.ee/index.php?module=32&op=1&id=3532). The recommendations serve as a basis in the development of strategies.</p>	
		<p>— outlines measures to stimulate private RTD investment.</p>	<p>Yes</p>	<p>The criterion is fulfilled by the new RD&I Strategy 2014–2020 and the Entrepreneurial Growth Strategy 2014–2020. A number of activities are being planned under the RD&I Strategy 2014–2020 ('Increasing the societal and economic benefits of R&D' measure, activities 2.2–2.11, pages 11–12; and 'RD&I altering the economic structure and based on smart specialisation' measure, activities 3.1–3.6, pages 12–13) whose aim is to stimulate private investment in research and technology development and significantly improve cooperation between enterprises and research institutions. The activities specified in the Entrepreneurial Growth Strategy and aiming to stimulate private investment in research and technology development are described on pages 10 and 18–21. More detailed measures and activities will be developed concurrently with the implementation plans of the strategies,</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				involving stakeholders. Implementation will be based on, inter alia, the entrepreneurial discovery process principle. Cost estimates for the measures are set out in Annex 4 to the Entrepreneurial Growth Strategy and section 5.4 of the RD&I Strategy (page 15).	
		— contains a monitoring mechanism.	Yes	The criterion is fulfilled by the new RD&I Strategy 2014–2020 and the Entrepreneurial Growth Strategy 2014–2020. The RD&I Strategy provides for monitoring activities (section 5.3, pages 14–15): the Ministry of Education and Research will provide the Government of the Republic with annual overviews of the implementation of the development plan, progress towards objectives and main indicators and results of measures. The same section provides that the monitoring of smart specialisation will be organised by the Estonian Development Fund. Indicators and their baseline and target levels are set out in section 6 of the RD&I Strategy (pages 16–17).	
		A framework outlining available budgetary resources for research and innovation has been adopted.	Yes	The criterion is fulfilled by the new RD&I Strategy 2014–2020 and the Entrepreneurial Growth Strategy 2014–2020. Section 5.4 of the RD&I Strategy 2014–2020 (pages 15–16) specifies the budgetary resources for funding research and innovation by measure and by year. The cost estimates for the sub-objectives and measures of the Entrepreneurial Growth Strategy are set out on page 34 of the development plan.	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
1.2 Research and Innovation infrastructure. The existence of a multi-annual plan for budgeting and prioritisation of investments.	No	An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures (ESFRI) has been adopted..	No		<p>The Estonian Research Infrastructure Roadmap approved by the Government of the Republic Order No 236 of 17.06.2010 provides for funding decisions until 2015 (http://www.hm.ee/index.php?popup=download&id=10455).</p> <p>The Estonian Research Infrastructure Roadmap to be updated in 2014 (Q1) on the basis of the RD&I Strategy will become the basis of the funding decisions for the next investment plan.</p> <p>The Roadmap is a long-term planning tool (covering 10-20 years) that includes a list of nationally important components of research infrastructure to be constructed or modernised. Among other things, the Roadmap specifies Estonia's participation in ESFRI Roadmap projects.</p>
2.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups,	Yes	A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in place that contains:	Yes	<p>Information Society Development Plan 2020, approved by the Government of the Republic order of 18.11.2013 (http://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Eesti%20info%C3%BChiskonna%20arengukava%202020.pdf)</p> <p>Entrepreneurial Growth Strategy 2014–2020, approved by the Government of the Republic</p>	<p>The Information Society Development Plan 2020 and the Entrepreneurial Growth Strategy 2014–2020 provide for a strategic policy framework for digital growth.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
businesses and public administrations including cross border initiatives.				order of 31.10.2013 (https://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Eesti_ettevotluse_kasvustrateegia_2020.pdf)	
		— budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe;	Yes	The analysis is contained in Annex 2 (Analysis of challenges and opportunities) to the Information Society Development Plan 2020, and in the report on the qualitative analysis of smart specialisation . The selection of investment priorities is described on page 17 of the development plan, and the estimated budget cost of measures is given on page 45.	
		— an analysis of balancing support for demand and supply of ICT should have been conducted;	Yes	A more detailed analysis is provided in the annexes to the strategy (Annex 2: Challenges and opportunities, page 14).The ICT sector is intended to be developed under the Entrepreneurial Growth Strategy 2014–2020. The Estonian Development Fund’s analysis of the bottlenecks and new opportunities of smart specialisation is available online (http://www.arengufond.ee/nutikas-spetsialiseerumine/kitsaskohtade-ja-uute-voimaluste-analuus/).	
		— indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of e-health within the limits of Article 168 TFEU which are aligned, where appropriate, with existing relevant sectoral	Yes	The indicators set in the Information Society Development Plan can be found in Annex 4 ‘Indicators’ (http://infoyhiskond.eesti.ee/files/IYA2020%20LISA%204_Moodikud.pdf). The strategies will be carried out on the basis of implementation plans. The implementation plan of the Information Society Development Plan is available online	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		Union, national or regional strategies.		http://infoyhiskond.eesti.ee/files/Rakendusplan_2014-2015_final_veeb.pdf .	
		— assessment of needs to reinforce ICT capacity-building.	Yes	The analysis of the current situation addresses the need to reinforce the state's ICT capacity in order to make maximum use of the potential of ICT. Intervention is described in the development plan's section discussing services (page 29).	
2.2. Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high-speed Internet access targets, focusing on areas where the market fails to provide an open	Yes	A national or regional NGN Plan is in place that contains:	Yes	Information Society Development Plan 2020 (http://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Eesti%20info%C3%BChiskonna%20arengukava%202020.pdf)	One of the measures specified in the Information Society Development Plan involves increasing the accessibility of the Internet (page 20), incl. through the construction of the broadband basic network (Estwin 1 project: http://www.lairibafoorum.ee/public/files/Mis%20on%20EstWin.pdf)
		— a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments;	Yes	A more detailed budget broken down by measure and activity is provided in the implementation plan of the Information Society Development Plan 2020. The relevant objectives are set out on page 18 of the development plan.	. The broad objective of the

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.		— sustainable investment models that enhance competition and provide access to open, affordable, quality and future- proof infrastructure and services;	Yes	Fulfilled by the Information Society Development Plan 2020 (http://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Eesti%20info%C3%BChiskonna%20arengukava%202020.pdf)	measure is to create conditions for the development of new generation networks (NGN) in order to provide better services to the population. The speed indicators are based on the Digital Agenda for Europe. A more detailed budget broken down by measure and activity is provided in the implementation plan of the Information Society Development Plan 2020. The relevant objectives are set out on page 18 of the development plan.
		— measures to stimulate private investment.	Yes	Page 18 of the Information Society Development Plan 2020	
3.1. * Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Yes	Measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA.	Yes	Commercial Law (https://www.riigiteataja.ee/akt/109092011002)	Reduction through possibility for electronic set-up via Company Registration Portal and amendment of the Commercial Law that enables to set up certain forms of business with a total cost below 100 €.
		Measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA.	Yes	General Part of the Economic Activities Code Act was adopted by the Riigikogu on 23 February 2011 and entered into force on 1 January 2014 (https://www.riigiteataja.ee/akt/122122013005)	Act of Economic Activity was approved as a result of codification process and will enter into force with a transition period. Implementation acts are prepared within this period. The Act will reduce time related to activity permits, the number of required permits is reduced, in some cases they are substituted with

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					requirement for notification.
		Mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	Yes	Entrepreneurial Growth Strategy 2014-2020 (p 29 and 31) (http://valitsus.ee/et/valitsus/arengukavad/ko nkurentsivoimeline-majanduskeskkond/Eesti-ettevotluse-kasvustrateegia-2014-2020) Methodology for impact assessment (Mõjudehindamisemetoodika)	According to the Impact Assessment Methodology, impact on the economy is assessed. One of the areas is entrepreneurial environment and the activity of enterprises, incl. competition and the performance of market , impact on small business and starting enterprises and investments, and on innovation.
4.1. Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in energy efficiency when constructing or renovating buildings.	Partially	— measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council	No		The minimum energy performance requirements for buildings are set in a regulation (https://www.riigiteataja.ee/akt/124012014007). The methods for calculating the energy performance of buildings are also stipulated in the respective regulation (https://www.riigiteataja.ee/akt/118102012001). In the view of the EC, Estonia has not transposed the Article 4(1) and Article 5(2) of the Directive 2010/31/EU.: the Estonian regulations do not apply to the building elements that form part of the building envelope, which have a significant impact on the energy performance when they are

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		<p>— measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;</p>	No		<p>replaced or retrofitted. The cost-optimal levels of minimum energy requirements are in the view of EC currently not calculated in full accordance with the requirements of the EPBD and of Delegated Regulation (EU) No 244/2012. This issue will be clarified in Estonia's response to an EU Pilot information request .</p> <p>The Article 11 requirements are stipulated in the regulation on the format of the energy performance certificate and the procedure for issuing it (https://www.riigiteataja.ee/akt/122012014005).</p> <p>The regulation was amended in January 2014, please see https://www.riigiteataja.ee/akt/122012014002.</p> <p>In the view of the EC, Estonia has not fully transposed Article 11(4): Estonia has not yet carried out sufficient measures to establish a system of certification of the energy performance in buildings consistent with Article 11 (4) and the standard form of energy performance certificate would need to be complemented with additional information concerning the owner's or tenants's right to receive additional information.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					Such information is included in the amended Regulation 30, but it is not necessarily reflected in the certificate itself. Indication of the steps to be taken to implement the recommendations would need to be given
		— measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27/EU of the European Parliament and of the Council	Yes	Based on the requirements laid down in Article 3 of Directive 2012/27/EU, Estonia notified the Commission about the 'Objective of energy efficiency policy in Estonia'; see also http://ec.europa.eu/energy/efficiency/eed/reporting_en.htm .	
		— measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and of the Council (3) on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings.	Yes	Section 14 (Requirements for heating systems) of the regulation stipulating the minimum requirements for energy efficiency (https://www.riigiteataja.ee/akt/105092012004) Sections 7 (4) 2) and 7 (5) 2) of the regulation stipulating the conditions and procedure for using the support for reconstruction of apartment buildings under the Green Investment Scheme (https://www.riigiteataja.ee/akt/108112013009)	In the reconstruction of apartment buildings, the requirements for cost-effective individual metering solutions will continue to be applied while developing the support scheme further.
5.1. Risk prevention and risk management: the existence of national or regional risk	Partially	A national or regional risk assessment with the following elements shall be in place:	Yes	Emergency Act https://www.riigiteataja.ee/akt/130102012004	Pursuant to the Emergency Act, the Government of the Republic has issued an order listing the emergencies that require risk

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
assessments for disaster management. taking into account climate change adaptation		— a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	Yes	Emergency Act https://www.riigiteataja.ee/akt/130102012004	assessment
		— a description of single-risk and multi-risk scenarios;	Yes	Emergency Act https://www.riigiteataja.ee/akt/130102012004	(https://www.riigiteataja.ee/akt/13279811). This list includes short descriptions of scenarios and stipulates which institution is responsible for risk assessment. Summary of risk assessment for 2013: https://www.siseministeerium.ee/public/Riskianalysys_kokkuvo_te_2013.pdf
		— taking into account, where appropriate, national climate change adaptation strategies.	No		Estonia does not have a separate national climate change adaptation strategy. This horizontal theme is partially covered by other national development plans and strategies. In addition, the Ministry of Finance and the Government Office have compiled guidelines for considering horizontal themes during the preparation of strategies and development plans. The draft national strategy for adaptation to climate change will be compiled within the EEA Financial Mechanism project by the end of 2015 at the latest, and future risk assessments will also take account of it.

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
<p>6.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.</p>	<p>Yes</p>	<p>In sectors supported by the ERDF and the Cohesion Fund, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with the first indent of Article 9(1) of Directive 2000/60/EC having regard, where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.</p>	<p>Yes</p>	<p>1. Chapter 8 of the East Estonian River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117261/2010.04.07+Kinnitatud+Ida-Eesti+vesikonna+veemajanduskava.pdf 2. Chapter 8 of the West Estonian River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117262/2010.04.07+Kinnitatud+Laane-Eesti+vesikonna+veemajanduskava.pdf 3. Chapter 8 of the Koiva River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117263/2010.04.07+Kinnitatud+Koiva+vesikonna+veemajanduskava.pdf 4. Economic analysis of water use in Estonian river basins http://www.keskkonnaministeerium.ee/295059 5. Application of environmental charges in water management http://www.keskkonnaministeerium.ee/orb.aw/class=file/action=preview/id=1174372/Keskkonnatasude+rakendamise+veemajanduses.pdf 6. Compilation of the methodology for assessing environmental costs, and assessment of environmental costs with respect to the main stress factors affecting the water environment http://www.keskkonnaministeerium.ee/orb.aw/class=file/action=preview/id=1098587/2009.07.02+L%F5pparuanne.pdf 7. Chapters 1–5 and 8 of the Environmental Charges Act https://www.riigiteataja.ee/akt/12112201200</p>	<p>The contribution of different water users in covering the costs of water services and water use has been ensured in compliance with the Water Framework Directive (criterion 1). The Ministry of the Environment is preparing a new environmental charges framework. The framework instrument will set out objectives and activities aimed at ensuring better application of the “polluter pays” principle, sufficient coverage of the costs of water services by users and long-term changes in the water price policy.</p> <p>According to the updated economic analysis of water use (ref. 10), the coverage of costs will increase in the period 2015-2021.</p> <p>The main reason is that the amount of support will decrease, while water tariffs and resource and pollution charges will increase over the said period, as well as due to the fact that most investments will already have been made. The source data used in the analysis are from the period 2006-2011: Therefore, the coverage of costs is relatively low because no projects</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				<p>5?leiaKehtiv)</p> <p>8. Section 14 of the Public Water Supply and Sewerage Act (https://www.riigiteataja.ee/akt/13349255)</p> <p>9. Sections 2(40) and (41), 3⁴ and 3¹⁵(1) 9) of the Water Act (https://www.riigiteataja.ee/akt/122122012024)</p> <p>10. Updated economic analysis of water use http://www.envir.ee/1191970</p> <p>11. Environmental charges impact analysis: social, environmental and economic effects of environmental charges http://www.envir.ee/1203614</p> <p>12. Environmental expenditure analysis for planning the application of revenue from the use of environmental resources http://www.envir.ee/1181711</p> <p>13. Economic levers relating to the use of environmental resources in agriculture http://www.envir.ee/1159750</p>	<p>implemented in the Cohesion Fund programming period 2007-2013 had been completed and some projects implemented in the period 2004-2006 were still under construction.</p> <p>Coverage of water service costs in compliance with criteria 1 and 2.1 has been stipulated in the Water Act (ref. No. 9), the Environmental Charges Act (ref. No. 7) and the Public Water Supply and Sewerage Act (ref. No. 8).The legal provisions on the coverage of water service costs have been implemented taking into account the economic analysis of water use (criteria 1.2 and 1.2.1, ref. No. 4), the principles for covering water service expenditure (criterion 1.2.2, ref. No. 1-9) and the 'polluter pays' principle (criterion 1.2.4, ref. No. 1-3 and 7).Summaries of the contribution of water users in covering water service and water use costs are provided in chapters 8 of the water management plans (criterion 1.2.2, ref. No. 1-3).Coverage of costs and establishment of rates in compliance with the Water Framework Directive have been analysed in the following studies:</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>Application of environmental charges in water management (ref. No. 5) and Compilation of the methodology for assessing environmental costs, and assessment of environmental costs with respect to the main stress factors affecting the water environment (ref. No. 6).</p> <p>The updated economic analysis of water use was completed in January, 2014 and includes, inter alia, overview of development trends in water management and provides a more detailed assessment of the contribution of different water users in covering the costs of water services and key water uses (ref 10).</p> <p>Impact assessment of environmental charges contains information on the main social, environmental and economic impacts in designing environmental charges (ref 11).</p> <p>Analysis of environmental expenditure describes environmental expenditure and provides information for their design in the future in order to ensure fair contribution of all users of the environment in implementing the “polluter pays”</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>principle (ref 12). "Economic levers of economic exploitation in agriculture" describes methods for influencing users of the environment (environment exploiters) in order to ensure their contribution in covering the environmental expenditure (ref 13).</p> <p>The environmental charges impact analysis provides information on the main social, environmental and economic effects to be observed in designing environmental charges.</p> <p>The environmental expenditure analysis describes environment-related taxes and charges and provides information for their further design in order to ensure the equitable contribution of all users of the environment to the application of the 'polluter pays' principle.</p> <p>The study on economic levers relating to the use of environmental resources in agriculture describes the possibilities of influencing users of the environment to ensure that they make a contribution in covering environmental</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					expenditure.
		— The adoption of a river basin management plan for the river basin district consistent with Article 13 of Directive 2000/60/EC	Yes	<p>1. Approval of Estonian river basin management plans http://www.envir.ee/orb.aw/class=file/action=preview/id=1119105/2010.04.07+VV+korraldus+01.04.2010+nr+118.pdf</p> <p>2. Chapters 6–9 of the East Estonian River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117261/2010.04.07+Kinnitatud+Ida-Eesti+vesikonna+veemajanduskava.pdf</p> <p>3. Chapters 6–9 of the West Estonian River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117262/2010.04.07+Kinnitatud+Laane-Eesti+vesikonna+veemajanduskava.pdf</p> <p>4. Chapters 6–9 of the Koiva River Basin Management Plan http://www.envir.ee/orb.aw/class=file/action=preview/id=1117263/2010.04.07+Kinnitatud+Koiva+vesikonna+veemajanduskava.pdf</p> <p>5. Economic analysis of water use in Estonian river basins http://www.keskkonnaministeerium.ee/295059</p> <p>6. Chapters 1–5 and 8 of the Environmental</p>	Estonian river basin management plans (RBMP) were approved by the Government of the Republic in its order No. 118, Approval of Water Management Plans, of 01.04.2010. These plans comply with the requirements of Article 13 of the Water Framework Directive and meet criterions 2, 2.1 and 2.2. The water management plans specify the following: investment priorities (in the programmes of measures, ref. Nos. 2–4, chapter 9, criterion 2.1); monitoring network maps (ref. Nos. 2–4, chapter 6.1, criterion 2.2.1); environmental objectives for surface water, groundwater and protected areas (ref. Nos. 2–4, chapter 7, criterion 2.2.2); implementation of cost recovery principle (ref. No. 2–4, chapter 8; 5, 6, 7, criterion 2.2.4). Criterion 2.2.4 is not applicable because Estonia has stipulated in water management

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				Charges Act (https://www.riigiteataja.ee/akt/121122012005?leiaKehtiv) 7. Section 14 of the Public Water Supply and Sewerage Act (https://www.riigiteataja.ee/akt/13349255)	<p>plans that a sound ecological status (as set out under Article 4) of all bodies of water will be achieved, and there are no bodies of water that are not likely to achieve this status. Updated water management plans will serve as the basis for further activities after updating.</p> <p>The programme of measures in current RBMPs is focused mainly on basic measures as they are the core element of the implementation of RBMPs. The improvements in different aspects of RBMPs will be included in the next river basin management plans (started in the beginning of 2014, the first drafts will be published in the end of 2014).</p> <p>In regards to monitoring network instead of having country wide and dense chemical monitoring networks, the monitoring has been mainly driven by risk assessments. They reflect the main risk areas where chemical pollution could occur.</p> <p>Such risk based assessments have been done regularly since 2001 and so far these confirm that chemical pollution mostly takes place mainly in one area specific area in North-East Estonia. Based</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>in the new information received from assessments and improved monitoring network the reliability and quality of chemical monitoring results has been improved. It is expected that the will further improve significantly taking into account also changes foreseen to implement the Environmental Quality Standards directive. The revised chemical monitoring network will be presented in the draft river basin management plans to be published in December 2014.</p> <p>In 2011-2013 the monitoring network has been continuously improved in order the give better assessments based on the list of pollutants in the Environmental Quality Standards Directive.</p>
7.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure	No	The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:			<p>The Transport Development Plan 2014–2020 was approved by the Riigikogu on 19 February 2014. The documents of the Transport Development Plan 2014-2020 are available at http://www.mkm.ee/tak/. The strategic environmental assessment of the draft development plan has been conducted. The report is available at: http://www.mkm.ee/public/Trans</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
development and improves connectivity to the TEN-T comprehensive and core networks.					<p>pordi arengukava 2014-2020 KSH aruanne 29-07-2013.pdf. The development plan will be carried out on the basis of implementation plans that define the investment priorities, incl. in terms of the use of EU funds. In the area of roads, the National Road Management Plan 2014–2020 (https://www.riigiteataja.ee/akt/318102013002) will serve as the basis. The implementation plan of the Transport Development Plan is being drafted. The Transport Infrastructure Investment Plan 2014–2020 will be prepared in 2014. The documents will be made available at www.riigiteataja.ee, www.mnt.ee and www.mkm.ee.</p>
		<p>— the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No 1315/2013 of the European Parliament and of the Council (5), including priorities for investments in:</p>	Yes	<p>Information on the Transport Development Plan 2014–2020 is available at http://www.mkm.ee/tak/.</p>	<p>The principles of the development of the TEN-T network are described in an annex to the Implementing Plan of the Transport Development Plan to be approved by the Government. The</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		<p>— the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and secondary connectivity;</p> <p>— a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;</p>	No	<p>National Road Management Plan 2014–2020 https://www.riigiteataja.ee/akt/318102013002</p>	<p>The Management Plan for National Roads 2014-2020 has been approved https://www.riigiteataja.ee/akt/3.18102013002. This document outlines the core pipeline for road investments for the years 2014-2020. In addition specific implementing act is currently being prepared and will be completed by the end of September 2014. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In addition it sets out the framework for fulfilling the five criteria's in the Guidance on ex-ante Conditionalites, part II, under the concept of "realistic and mature project pipeline" The implementing acts of the projects concerning other types of transport are being prepared with a deadline of 30.09.2014. These will also take into account the five criteria's under the concept of "realistic and mature pipeline". Based on the implementing acts mentioned above the investment plan will be drawn with a deadline of 31.12.2014 The investment plan will include the elements required</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					in the relevant parts in the Guidance on ex-ante Conditionalities, part II
		Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		As on period 2007-13 the capacity of intermediate bodies and beneficiaries will be ensured by adequate budget financed by the technical assistance and state funds. Following elements (training, procedures, legal framework, designation of functions, etc. will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Conditionalities, part II. Training will be organised in accordance with the training programmes of the structural funds management system. The implementing body will provide advice to beneficiaries in order to ensure compliance with the requirements of the legal framework. Beneficiaries will submit updated procurement plans to the implementing agency and implementing body on a quarterly basis. Based on these plans, meetings will be held between the implementing body and beneficiaries to discuss projects; implementation will be monitored

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>on an ongoing basis. During the period 2014–2020, documents will be processed in an electronic environment. Procedures ensuring correct implementation of the tasks of intermediate bodies, incl delivering the project pipeline are under preparation and will be approved by the Managing Authority by 30.06.2014. The Managing Authority sets the the criteria's for procedures. After the approval the intermediate body can adopt the procedures and has an approval to start implementing the tasks.</p>
<p>7.2. Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set-up (including concerning public transport at regional and local level) which supports infrastructure development and</p>	<p>No</p>	<p>The existence of a section on railway development within the transport plan or plans or framework or frameworks as set out above which</p>			<p>The Transport Development Plan 2014–2020 was approved by the Government of the Republic on 05.12.2013 and by the Parliament on 19.02.2014 . The strategic environmental assessment of the draft development plan has been conducted. The development plan will be carried out on the basis of implementation plans that define the investment priorities, incl. in terms of the use of EU funds. In the area of roads, the National Road Management Plan 2014–2020 (https://www.riigiteataja.ee/akt/318102013002) will serve as the basis.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity- building.		- complies with legal requirements for strategic environmental assessment (SEA)	Yes	Information on the Transport Development Plan 2014–2020 is available at http://www.mkm.ee/tak/ . Report on the strategic environmental assessment of the Transport Development Plan 2014–2020 http://www.mkm.ee/public/Transpordi_arengukava_2014-2020_KSH_aruanne_29-07-2013.pdf	
		-sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	No	.	Legislation on the implementation of projects is being prepared and should be completed in the 3 rd quarter of 2014. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In addition it sets out the framework for fulfilling the five criteria's in the Guidance on ex-ante Conditionalities, part II, under the concept of "realistic and mature project pipeline" Based on the implementing acts mentioned above the investment plan will be drawn with a deadline of 31.12.2014 The investment plan will include the elements required in the relevant parts in the Guidance on ex-ante Conditionalities, part II

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		As on period 2007-13 the capacity of intermediate bodies and beneficiaries will be ensured by adequate budget financed by the technical assistance and state funds. Following elements (training, procedures, legal framework, designation of functions, etc. will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Conditionalities, part II. Training will be organised in accordance with the training programmes of the structural funds management system. The implementing body will provide advice to beneficiaries in order to ensure compliance with the requirements of the legal framework. Beneficiaries will submit updated procurement plans to the implementing agency and implementing body on a quarterly basis. Based on these plans, meetings will be held between the implementing body and beneficiaries to discuss projects; implementation will be monitored on an ongoing basis. During the period 2014–2020, documents will be processed in an electronic environment. Procedures ensuring correct implementation of the tasks

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					of intermediate bodies, incl .delivering on the project pipeline are under preparation and will be approved by the Managing Authority by 30.06.2014. The Managing Authority sets the criteria's for procedures. After the approval the intermediate body can adopt the procedures and has an approval to start implementing the tasks.
7.3. Other modes of transport, including inland-waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN-T comprehensive and core networks and to promoting sustainable	No	The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:			The materials of the Transport Development Plan 2014-2020 are available at http://www.mkm.ee/tak/ . Estonian Maritime Policy 2012-2020: http://valitsus.ee/UserFiles/valitsus/et/valitsus/arengukavad/majandus-ja-kommunikatsiooniministeerium/Esti%20merenduspoliitika%202012-2020.pdf .Chapter 9 of the Development Plan discusses the connection with islands; some important maritime policy issues are discussed in Chapter 10. Air transport is addressed in Chapters 9 and 10.No separate SEA was conducted with regard to maritime policy; SEA was conducted for the Transport Development Plan and will be conducted for the Marine Strategy, which is being drafted.

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
regional and local mobility.					The Transport Development Plan 2014-2020 is implemented based on Implementing Plans, which define investment priorities, including the use of EU funds. In the field of roads the Maintenance Plan for National Roads 2014-2020 has been approved https://www.riigiteataja.ee/akt/318102013002 . In other sectors the Implementing Plans of the Transport Development Plan are being prepared. The Transport Infrastructure Investment Plan 2014-2020 will be prepared in 2014. All documents are published at www.riigiteataja.ee , www.mnt.ee and www.mkm.ee
		— complies with legal requirements for strategic environmental assessment;	NO	Information on the Transport Development Plan 2014–2020 is available at http://www.mkm.ee/tak/ .	EIA has been carried out for NTDP, but not for Maritime Policy. EIA will be performed for the Marine Strategy that will be prepared in the framework of Marine Strategy Framework Directive, and will be adopted together with the Strategy.
		— sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	No		Legislation on the implementation of projects is being prepared and should be completed in the 3 rd quarter of 2014. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>addition it will set out the framework for fulfilling the five criteria's in the Guidance on ex-ante Conditionalites, part II, under the concept of "realistic and mature project pipeline" Based on the implementing acts mentioned above the investment plan will be drawn with a deadline of 31.12.2014 The investment plan will include the elements required in the relevant parts in the Guidance on ex-ante Conditionalites, part II.</p>
		<p>Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.</p>	<p>No</p>		<p>As on period 2007-13 the capacity of intermediate bodies and beneficiaries will be ensured by adequate budget financed by the technical assistance and state funds. Following elements (training, procedures, legal framework, designation of functions, etc. will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Conditionalities, part II.) Training will be organised in accordance with the training programmes of the structural funds management system. The implementing body will provide advice to beneficiaries in order to ensure compliance with the requirements of the legal</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>framework. Beneficiaries will submit updated procurement plans to the implementing agency and implementing body on a quarterly basis. Based on these plans, meetings will be held between the implementing body and beneficiaries to discuss projects; implementation will be monitored on an ongoing basis. During the period 2014–2020, documents will be processed in an electronic environment. Procedures ensuring correct implementation of the tasks of intermediate bodies, including delivering on the project pipeline are under preparation and will be approved by the Managing Authority by 30.06.2014. The Managing Authority sets the criteria's for procedures. After the approval the intermediate body can adopt the procedures and has an approval to start implementing the tasks.</p>
8.1. Active labour market policies are designed and delivered in the light of the Employment guidelines.	Yes	Employment services have the capacity to, and do, deliver:	Yes	<p>Labour Market Services and Benefits Act https://www.riigiteataja.ee/akt/122122013070 Employment Programme 2014–2015 https://www.riigiteataja.ee/akt/117122013006 Development Plan of the Estonian Unemployment Insurance Fund 2013–2015 http://www.tootukassa.ee/sites/tootukassa.ee/files/arengukava_13-15.pdf</p>	<p>In addition, the Ministry of Social Affairs is preparing the Unemployment Insurance and Labour Market Services Act, which will integrate the services provided under the current Labour Market Services and Benefits Act and the Employment Programme. Among</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		— personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;	Yes	Labour Market Services and Benefits Act https://www.riigiteataja.ee/akt/122122013070 Employment Programme 2014–2015 https://www.riigiteataja.ee/akt/117122013006 Development Plan of the Estonian Unemployment Insurance Fund 2013–2015 http://www.tootukassa.ee/sites/tootukassa.ee/files/arengukava_13-15.pdf Services provided by the Unemployment Insurance Fund http://www.tootukassa.ee/content/teenused	other things, the draft Act provides that the Government may approve an employment programme, if necessary.
		-focusing on people at highest risk of social exclusion, including people from marginalised communities;	Yes	Website of the Unemployment Insurance Fund Services provided by the Unemployment Insurance Fund http://www.tootukassa.ee/content/teenused	
		— comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.	Yes	Services provided by the Unemployment Insurance Fund http://www.tootukassa.ee/content/teenused www.eures.ee Estonian Labour Force Survey Labour forecast prepared by the Ministry of Economic Affairs and Communications	
		Employment services have set up formal or informal cooperation arrangements with relevant stakeholders.	Yes	‘Long and High-Quality Working Life’ programme The Unemployment Insurance Fund works with local authorities, businesses, employers, the Social Security Insurance Board, the Estonian Health Insurance Fund, the Ministry of Education and Research, the Labour Inspectorate, the Innove Foundation, the Estonian Qualifications Authority, the Estonian Trade Union Confederation, the Estonian Employers' Confederation, the Estonian	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				Chamber of Commerce and Industry, universities and vocational training centres. EURES Estonia works with other analogous bodies.	
9.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that:	No		<p>This sphere is partly covered by development plans approved by the Government of the Republic: Development Plan for Children and Families 2012–2020, Youth Development Plan 2014–2020, Lifelong Learning Strategy 2020, Public Health Development Plan 2009–2020, and Active Ageing Development Plan 2013–2020 approved by the Minister of Social Affairs. The strategic policy framework does not cover the rest of this area. A comprehensive national policy framework for reducing poverty and social exclusion will be developed by March 2016, along with the Strategy for social security, inclusion and equal opportunities 2017-2023.</p> <p>The draft Special Welfare Services Development Plan 2014-2020 is in the stage of approval. Criterion is considered non-fulfilled because the national strategic policy framework for reducing poverty and social exclusion is not in place.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		— provides a sufficient evidence base to develop policies for poverty reduction and monitor developments;	No		<p>Information concerning poverty and social exclusion is regularly published by Statistics Estonia and it is also analyzed in various studies (for example studies about subsistence allowance, children, people with disabilities and older people)</p> <p>Statistical analyses made by European Commission (Eurostat), Statistics Estonia and Ministry of Social Affairs include evaluation of the impact of social benefits to the social protection systems and at-risk-of-poverty. Statistics Estonia publishes yearly in its public database data about relative poverty and its transitions broken down by age group and by type of the household.</p> <p>Principles of active inclusion are already taken into account in the <u>Strategy of Children and Families 2012-2020</u> (see strategic objective 4 "Estonia has a system of combined benefits and services that supports the adequate economic coping of families and offers them</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>permanent security” and strategic objective 5 “Men and women have equal opportunities for reconciliation of work, family and private life in order to promote a quality everyday life that meets the needs of each family member”) and in the <u>Development Plan for Active Ageing 2013-2020</u> (see strategic objectives „Older people are included in to the society and are socially active“, „Older people are active in the labor market and satisfied with their working life” and “Older people live longer, are healthy and coping well”, currently available only in Estonian).</p> <p><u>Noortevaldkonna arengukava 2014-2020, (Youth Development Plan 2014-2020)</u>, p.9 measure 2 „Increasing inclusion of youth and enhancement of employability of youth (with sub-measures). Criterion is considered non-fulfilled because the national strategic policy framework for reducing poverty and social exclusion is not in place. The sufficiency of evidence base will be analysed during the elaboration of Development plan for social protection, inclusion and equal opportunities 2017-2023. If</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		<p>— contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities;</p>	No		<p>needed, complementary indicators that reflect people’s socioeconomic coping will be elaborated. Impact analyses for planned policy measures will be carried out.</p> <p>Criterion is considered non-fulfilled because the national strategic policy framework for reducing poverty and social exclusion is not in place. The principles of active inclusion are already taken into account in many sectoral development plans.</p> <p>Sector is covered by the following development plans: <u>Strategy of Children and Families 2012-2020</u>; <u>Youth Development Plan 2014-2020</u> (currently only in Estonian) and <u>National Health Plan 2009-2020</u> have been approved by the Government. <u>Development Plan for Active Ageing 2013-2020</u> is approved by the Minister of Social Affairs. <u>Strategy of Children and Families 2012-2020</u> sets the goal to reduce the at-risk-of-poverty rate of children to 16,5% and to reduce the impact of transfers</p> <p>incl. pensions on the at-risk-of-poverty rate of children (aged 0-17) to 13 percentage points. These goals will be achieved through</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>activities which support the employability of parents and development social protection system and services with the aim to support independent coping of families.</p> <p>One of the objectives of the <u>Youth development plan 2014-2020</u> (currently only in Estonian) – the risk of exclusion amount the young people is reduced – will be achieved through activities which increase the inclusion of youth and improve their employability.</p> <p>To achieve specific objectives of the <u>Development Plan for Active Ageing 2013-2020</u> (currently only in Estonian) - Older people are included in to the society and are socially active, older people are active in the labor market and satisfied with their working life and older people live longer, are healthy and coping well,- number of activities are implemented that help to prevent and reduce social exclusion, increase participation in the voluntary work, enhance older people’s competitiveness in the labor market, reduce inactivity and</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>unemployment, promote attitude of healthy ageing and increase the accessibility and quality of health care and social welfare services.</p> <p>In the framework of one of the sub-objectives of <u>National Health Plan 2009-2020</u> - social cohesion has increased and inequality in health has decreased - activities which support the reduction of inequality in health through social-economical factors of influence and promote the development of public health and empowerment of communities and localities in health promotion will be implemented.</p> <p>Activities to increase the participation of people with weaker competitiveness in education so that they can obtain qualification which also helps them to have better chances in the labor market will be implemented to achieve the objective of <u>Lifelong Learning Strategy 2020</u> (currently only in Estonian) - equal opportunities to participate in lifelong learning and in studies. Support schemes for students</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>(both in higher education and vocational training), including needs based support, loan schemes and grants system will be introduced and monitoring systems of the above mentioned measures will be elaborated.</p> <p><u>Program for improving peoples' financial planning skills 2013-2020</u> (available only in Estonian) will also support the measures (eg loan counselling) to be taken against poverty and social exclusion and increase coping.</p> <p>Estonia is currently elaborating a <u>Development Plan for the Protection of the Rights of People with Disabilities</u>. This plan will also include activities which will decrease poverty and social exclusion and increase coping, employment possibilities and social inclusion of people with disabilities.Reduction of poverty and social exclusion is also dealt within the legislation. Government has passed the Regulation setting the framework for good practices of legislative process "<u>Hea õigusloome ja normitehnika eeskiri</u>" and aims to increase the quality of legislation. The</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>Regulation states, that before passing any legislation, it is necessary to assess its social impact. Control questions have been developed which help to assess the impact of legislation to the peoples' economic situation, living standard, wellbeing, inequality, social exclusion and poverty.</p> <p>Development plan for Social Protection, Inclusion and Equal Opportunities will address how most common challenges and activities will contribute to the achievement of poverty reduction target set in the <u>National Reform Programme "Estonia 2020"</u></p>
		<p>— involves relevant stakeholders in combating poverty;</p>	<p>No</p>		<p>Criterion is considered non-fulfilled because the national strategic policy framework for reducing poverty and social exclusion is not in place.</p> <p>Stakeholders will be involved to the preparation and implementation of the new Development Plan for Social Protection, Inclusion and Equal Opportunities 2017-2023 through</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>various groups (including expert group, steering committee and working groups) in accordance with the Good Practice of Inclusion. A more detailed overview of the management structures of the development plans drawn up in this area and of the participation of partners in the work of these structures is given in the Development Plan for Children and Families 2012–2020, Youth Development Plan 2014–2020, Lifelong Learning Strategy 2020 and Public Health Development Plan 2009–2020. The strategic policy framework does not cover the rest of this area.</p>
		<p>— depending on the identified needs, includes measures for the shift from institutional to community based care;</p>	<p>No</p>		<p>Criterion is considered non-fulfilled because the national strategic policy framework for reducing poverty and social exclusion is not in place.</p> <p>At the same time the criterion is partially fulfilled with the Active Ageing Development Plan 2013–2020, which sets the objective of extending the healthy life of older people and improving their ability to cope financially. To this end, the availability of healthcare and social services will</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>be improved, the service quality system will be developed, home care will be supported and IT, methodological and other solutions supporting cooperation between healthcare and social spheres will be developed. The criterion will be completely fulfilled with the Development Plan for Special Care 2014-2020 which is currently circulating for approval between Ministries and will be approved after that <u>Development Plan for Special Care 2014-2020</u> and <u>Development Plan to Protect the Rights of People with Disabilities 2015-2020</u> are currently being developed.</p>
	Yes	<p>Upon request and where justified, relevant stakeholders will be provided with support for submitting project applications and for implementing and managing the selected projects.</p>	Yes	<p>Stakeholders are supported by regular information events at which information about the submission of projects financed from EU Structural Funds and the resources of the Gambling Tax Council is provided. The websites of the Ministry of Social Affairs and the European Structural Funds contain materials on how to apply for funding and suggestions for implementing the projects.. Information events which are targeted to organizations aiming to participate in open calls of European Structural Funds are also organized. Materials aiming to increase the knowledge of applicants on how to plan, write and implement projects is also provided in the web page of structural funds www.strukturifondid.ee. It</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				is possible to get answers to the questions on how to plan and implement projects funded from structural funds by turning into the county competence centres. Counseling is free of charge and it is offered to businesses, local governments and NGO-s.	
9.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	A national or regional strategic policy framework for health is in place that contains:	No		The criteria are partially met by Public Health Development Plan 2009-2020 and its Implementation Plan 2013-2016
		— coordinated measures to improve access to health services;	No		At the strategic level, the criteria are met by the Public Health Development Plan 2009-2020 and its Implementation Plan 2013-2016 : areas IV and V. There is no more specific overview of the trends in health care (including the need for infrastructure and reorganisation of the network of institutions), which is required to meet the criterion.
		— measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure;	No		Public Health Development Plan 2009-2020, with Implementation Plan 2013-2016 : area V
		— a monitoring and review system.	Yes	Public Health Development Plan 2009-2020 , description of the management structure, pages 60-63	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		A Member State or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on prioritised needs for health care.	Yes	Public Health Development Plan 2009–2020 , cost estimate, pages 63–65	
10.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	A system for collecting and analysing data and information on ESL at relevant levels is in place that:	Yes	Data collected through two systems: Estonian Labour Force Survey Estonian Education Information System	
		— provides a sufficient evidence- base to develop targeted policies and monitors developments.	Yes	Estonian Labour Force Survey Estonian Education Information System Reasons for discontinuing studies in vocational training have also been studied.	
		A strategic policy framework on ESL is in place that:	No		Lifelong Learning Strategy 2020 The criterion is partly met by the Lifelong Learning Strategy 2020 and will be fulfilled by the completion and approval of its implementation documents.
		— is based on evidence;	No		Lifelong Learning Strategy 2020 The criterion is partly met by the Lifelong Learning Strategy 2020 and will be fulfilled by the completion and approval of its implementation documents.
		— covers relevant educational sectors including early childhood	No		'Estonia 2020' National Reform Programme Lifelong Learning Strategy 2020

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		development, targets in particular vulnerable groups that are most at risk of ESL including people from marginalised communities, and addresses prevention, intervention and compensation measures;			Revised Basic Schools and Upper Secondary Schools Act The criterion will be fulfilled by the completion and approval of the Lifelong Learning Strategy 2020 implementation documents.
		— involves all policy sectors and stakeholders that are relevant to addressing ESL.	No		The criterion will be fulfilled by the completion and approval of the Lifelong Learning Strategy 2020 implementation documents and the Concept of Teaching Pupils with Special Educational Needs.
10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	Yes	A national or regional strategic policy framework for tertiary education is in place with the following elements:	Yes	Lifelong Learning Strategy 2020 Estonian RD&I strategy: Knowledge-Based Estonia 2014–2020	
		— where necessary, measures to increase participation and attainment that:			
		— increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised communities;	Yes	The European Higher Education Area in 2012 Survey of Estonian students . Eurostudent III–V, Estonia Study Allowances and Study Loans Act Types, amounts and general conditions of granting scholarships to students	
		— reduce drop-out rates/ improve completion rates;	Yes	Studies and analyses of higher education Haridussilm portal Survey of Estonian students . Eurostudent III–V,	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				Estonia Study Allowances and Study Loans Act Types, amounts and general conditions of granting scholarships to students Lifelong Learning Strategy 2020	
		— encourage innovative content and programme design;	Yes	Study on teaching staff in Estonian higher education, 2012 Estonian Information Society Development Plan 2020 Lifelong Learning Strategy 2020	
		measures to increase employability and entrepreneurship that:			
		— encourage the development of "transversal skills", including entrepreneurship in relevant higher education programmes;	Yes	Final report on the study of graduates from Estonian higher education institutions in 2009 Research and Innovation Policy Monitoring Programme , monitoring area IV Entrepreneurial Growth Strategy 2014–2020	
		— reduce gender differences in terms of academic and vocational choices.	Yes	Haridussilm portal	
10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	A national or regional strategic policy framework for lifelong learning is in place that contains measures:			The criterion is partly met by the Lifelong Learning Strategy 2020 and will be fulfilled by the completion and approval of its implementation documents. Lifelong Learning Strategy 2020
		— to support the developing and linking services for LL, including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for	No		Legislation on vocational education: http://www.hm.ee/index.php?03381 Vocational Educational Institutions Act (chapters 5 and 6):

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		the involvement of, and partnership with relevant stakeholders;			<p>(https://www.riigiteataja.ee/akt/102072013001?leiaKehtiv) Vocational Education Standard (chapters 2 and 7): (https://www.riigiteataja.ee/akt/128082013013?leiaKehtiv) Higher Education Standard (chapters 2–4): (https://www.riigiteataja.ee/akt/13099603?leiaKehtiv) Universities Act, chapter 3 Information on the system and framework of qualifications is available on the website of the Estonian Qualifications Authority: Occupational Qualifications System Qualifications framework</p>
		— for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in vocational training, adults, parents returning to the labour market, low skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities);	No		<p>Lifelong Learning Strategy 2020 Estonia 2020, chapter 'Well-educated people and inclusive society'</p>
		— to widen access to LL including through efforts to effectively implement	Yes	<p>Lifelong Learning Strategy 2020 Legislation on vocational education: http://www.hm.ee/index.php?03381</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		transparency tools (for example the European Qualifications Framework, National Qualifications Framework, European Credit system for Vocational Education and Training, European Quality Assurance in Vocational Education and Training);		Vocational Educational Institutions Act (chapters 5 and 6): https://www.riigiteataja.ee/akt/102072013001?leiaKehtiv Vocational Education Standard (chapters 2 and 7): https://www.riigiteataja.ee/akt/128082013013?leiaKehtiv Universities Act: https://www.riigiteataja.ee/akt/13153518?leiaKehtiv Higher Education Standard (chapters 2–4): https://www.riigiteataja.ee/akt/13099603?leiaKehtiv Referencing national qualifications to the European Qualifications Framework: http://kutsekoda.ee/et/kvalifikatsiooniraamistik/ekr_tutvustus/suhestamine Activities of EQAVET in Estonia http://www.eqavet.eu/gns/what-we-do/implementing-the-framework/estonia.aspx .	
		— to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning to the labour market, low-skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities).	No	.	Lifelong Learning Strategy 2020 Vocational Educational Institutions Act (chapters 5 and 6): https://www.riigiteataja.ee/akt/102072013001?leiaKehtiv Universities Act https://www.riigiteataja.ee/akt/13153518?leiaKehtiv Basic Schools and Upper Secondary Schools Act https://www.riigiteataja.ee/akt/113122013021 Estonian R&D and innovation

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					strategy 2014–2020: Knowledge-based Estonia http://www.riigikogu.ee/index.php?op=ems&page=eelnou&eid=887f06b8-9e0b-41c8-9780-9e0735dd3ed2&
10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	Yes	A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following:			
		— to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work-based learning provision in its different forms;	Yes	Lifelong Learning Strategy 2020 Vocational Educational Institutions Act: https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/505022014002/ Professions Act: https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/525112013007/consolide Vocational Educational Institutions Act (chapter 5, section 30, chapter 6, section 28) https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/505022014002/consolide Description of the system of occupational qualifications: http://kutsekoda.ee/en/kutsesteem Career services concept: http://innove.ee/et/karjaariteenused/karjaariteenused/kontseptsioon Vocational Education Standard (chapters 2 and 7):	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				<p>(https://www.riigiteataja.ee/akt/128082013013?leiaKehtiv)</p> <p>Conditions and procedure for organising and conducting practical training: https://www.riigiteataja.ee/akt/113092013006</p> <p>Procedure for organising workplace-based learning https://www.riigiteataja.ee/akt/129122013002</p> <p>Studies and analysis related to vocational education: http://www.hm.ee/index.php?048182, incl. 'Satisfaction of employers with vocational education' http://www.innove.ee/UserFiles/Kutseharidus/Kutsehariduse%20programm/Uuringud/Kutsehariduse_tooandjate_rahulolu_uuring_2013.pdf</p> <p>'Vocational education and changing labour market. Final report on the survey of employers' http://www.praxis.ee/index.php?id=1094&L=1</p>	
		<p>— to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for Vocational Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational</p>	Yes	<p>Lifelong Learning Strategy 2020</p> <p>Vocational Educational Institutions Act (2013, chapters 3 and 6, section 26) https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/505022014002/consolide</p> <p>Vocational Education Standard (chapter 1) https://www.riigiteataja.ee/akt/128082013013</p> <p>Estonian Higher Education Quality Agency: http://ekka.archimedes.ee/en</p> <p>Application in Estonia of the indicators recommended by the EQARF: http://www.eqavet.eu/Libraries/EQARF_Indicators/EQARF_Indicators_Estonia_4.sflb.ashx</p> <p>System for external evaluation of higher education in Estonia:</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		Education and Training. (ECVET).		http://ekka.archimedes.ee/en http://ekka.archimedes.ee/files/Akr_kontseptioon_3_00410_t%C3%B5lge.pdf Participation in international skills competitions: http://www.innove.ee/en/VET/skills-competitions	
11. The existence of a strategic policy framework for reinforcing the Member States' administrative efficiency including public administration reform	Partially	A strategic policy framework for reinforcing a Member State's public authorities' administrative efficiency and their skills with the following elements are in place and in the process of being implemented:	No		The Information Society Development Plan has been approved. One of the objectives of the Development Plan concerns smart governance, including the opportunities offered by ICT for improving public services, promoting inclusion and participation and ensuring better decision-making. http://infoyhiskond.eesti.ee/eesti-infouhiskonna-arengukava-2020/infouhikonna-arengukava-2020-loppversioon Decision of the Government of the Republic of 26.06.2013 on updating the Implementation Plan for Recommendations Made in the OECD Public Governance Review. According to the decision, the Implementation Plan will be updated so that it meets the ex-ante conditionalities of using EU structural funds. The updated Implementation Plan will be completed in 2014 and provide for activities up to 2020 (in greater

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					<p>detail up to 2015). 'Estonia 2020' National Reform Programme http://www.valitsus.ee/UserFiles/valitsus/et/riigikantselei/strateegi_a/ b konkurentsivoime-kava b / b eesti-2020-strateegia/Eesti%202020%20(2013%20uuendamine)/Eesti2020.pdf; State Budget Strategy http://www.fin.ee/doc.php?109291 OCED Public Governance Review: http://www.valitsus.ee/UserFiles/valitsus/et/riigikantselei/uldinfo/dokumendiregister/Uuringud/PGR_Estonia%20Assessment and Recommendations.pdf</p>
		<p>— an analysis and strategic planning of legal, organisational and/or procedural reform actions;</p>	No		<p>An in-depth analysis of the said aspects has been prepared: http://www.valitsus.ee/UserFiles/valitsus/et/riigikantselei/uldinfo/dokumendiregister/Uuringud/OECD_Public%20Governance%20Review_Estonia_full%20report.pdf The analysis has served as a basis for the Implementation Plan for Recommendations Made in the OECD Public Governance Review http://valitsus.ee/et/riigikantselei/oeed-raport/tegevuskava The Development Plan is being updated.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
					According to the Government of the Republic Action Plan 2014-2015, a general concept of the draft Government of the Republic Act, including a general analysis of administrative arrangement will be prepared.
	No	— the development of quality management systems;	No		An analysis of management systems is being prepared. The analysis explores which management systems and practices and methods of promoting the quality of management are used by different organisations and what are the needs of organisations. The results of the analysis are used to agree on the development needs and further development activities. The development of organisations is addressed in the OECD Public Governance Review Implementation Plan, which is currently being updated.
	Yes	— integrated actions for simplification and rationalisation of administrative procedures;	Yes	Courses of action for the legal policy The simplification and rationalisation of administrative procedures (incl. through the development of e-governance) will be supported under the Implementation Plan specified above.	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				Administrative burden will be evaluated in the course of usual impact assessment, in accordance with the relevant impact assessment methodology (http://valitsus.ee/UserFiles/valitsus/et/riigikantselei/strateegia/strateegiate-mojude-hindamine/MHM_03-12-12.pdf , approved by the Government of the Republic in 2012).	
		— the development and implementation of human resources strategies and policies covering the main gaps identified in this field;	No		<p>The Public Administration and Public Service Department of the Ministry of Finance is responsible for the development of human resources policies. https://www.riigiteataja.ee/akt/125032014013?leiaKehtiv</p> <p>A green paper on national personnel policy of the state as an employer has been approved. The Green paper proposes objectives for the human resource strategy, describe the problems and map the main gaps in the development of human resources. http://www.fin.ee/doc.php?109520</p> <p>A white paper on national personnel policy of the state as an employer is being prepared. The white paper will lay down the strategic objectives of personnel management and highlight specific</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
		<p>— the development of skills at all levels of the professional hierarchy within public authorities;</p>	Yes	<p>The Public Administration and Public Service Department of the Ministry of Finance is responsible for the development of public services. According to the Regulation of 8 November 2012 of the Government of the Republic, the Ministry of Finance is responsible for coordinating the training of public servants, i.e. for developing and promoting the implementation of common policies.</p> <p>The Government Office is coordinating the development and implementation of a development plan designed for top executives in public service. The Ministry of Finance is coordinating the development and implementation of a development plan designed for middle managers.</p> <p>Regulation of 8 November 2012 of the Government of the Republic No 90 “Procedure for training public servants”: https://www.riigiteataja.ee/akt/113112012010</p> <p>Statutes of the Government Office: https://www.riigiteataja.ee/akt/114032014074?leiaKehtiv</p>	<p>proposals for achieving those objectives. Personnel management is also addressed in the OECD Public Governance Review Implementation Plan, which is currently being updated.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				<p>Statutes of the Ministry of Finance: https://www.riigiteataja.ee/akt/125032014013?leiaKehtiv</p> <p>A white paper on national personnel policy of the state as an employer is being prepared. The white paper will lay down the strategic objectives of personnel management and highlight specific proposals for achieving those objectives.</p>	
	Yes	— the development of procedures and tools for monitoring and evaluation.	Yes	<p>Impact assessment methodology has been developed. The methodology is used when preparing development plans and legislation http://valitsus.ee/UserFiles/valitsus/et/riigikan_tselei/strateegia/strateegiate-mojude-hindamine/MHM_03-12-12.pdf.</p> <p>Development plans are monitored and assessed based on the State Budget Act and the Regulation on strategic development plans, which lays down the principles of preparing, supplementing, implementing, and assessing strategic instruments and the principles of reporting: https://www.riigiteataja.ee/akt/113032014002 https://www.riigiteataja.ee/akt/12790098?leiaKehtiv</p> <p>All strategic instruments include indicators, which are monitored. The most important of them are included in horizontal instruments (Estonia 2020 and the State Budget Strategy)</p>	

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
				The OECD Public Governance Review Implementation Plan, which is currently being updated, is based on the same principles and sets out its own objectives and indicators.	
RDP 1. Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) 1306/2013 are established at national level	Yes	GAEC standards are defined in national law and specified in the programmes.	Yes	The standards for the good agricultural and environmental condition of land are provided in the Minister of Agriculture Regulation 'Good agricultural and environmental conditions, the bases of and procedure for transfer of the obligation to preserve the area of permanent grassland, and the specific procedure for application of measures necessary for the preservation of grassland' (https://www.riigiteataja.ee/akt/127072012011)	Good agricultural and environmental condition of land: the standards for good agricultural and environmental condition of land laid down in Chapter I of Title I of Regulation (EU) No 1306/2013 will be established at the state level by 2015, taking into account the new basic requirements established based on the reform of the CAP.
RDP 2. Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of this Regulation are defined at national level	Yes	Minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of this Regulation are specified in the programmes.	Yes	https://www.riigiteataja.ee/akt/127062013003 https://www.riigiteataja.ee/akt/13136785 https://www.riigiteataja.ee/akt/109072013012 The minimum requirements for use of plant protection products are provided in the Plant Protection Act (https://www.riigiteataja.ee/akt/130122011032)	(https://www.riigiteataja.ee/akt/127062013003), (https://www.riigiteataja.ee/akt/13136785) (https://www.riigiteataja.ee/akt/109072013012). The minimum requirements for the use of plant protection products are provided in the Plant Protection Act (https://www.riigiteataja.ee/akt/130122011032).
RDP 3. Other relevant national standards: relevant mandatory	Yes	Relevant mandatory national standards are specified in the programmes.	Yes	The requirements are provided in section 5.3.2. of RDP 2007–2013 under the relevant measures.	Other relevant mandatory national standards have been laid down in Article 28 of Chapter I of Title III in

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criterion	Criterion fulfilled	References	Explanations
national standards are defined for the purpose of Article 28 of Chapter I of Title III of this Regulation					the Regulation specified above.

Table 7. General ex-ante conditionalities

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
1. Anti-discrimination : The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds	Partially	Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund-related activities;	Yes	Equal Treatment Act , chapter 4 Government of the Republic Act , section 67 Statutes of the Ministry of Social Affairs , sections 6 and 13 Guidelines on mainstreaming horizontal themes	The obligations and duties of bodies responsible for equal treatment are provided in the legislation referred to above. The horizontal theme of equal opportunities is mainstreamed into the Partnership Agreement, the Operational Programme for Cohesion Policy Funds, sectoral development plans and measures in accordance with the guidelines on mainstreaming horizontal themes.
		Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti-discrimination law and policy.	No		

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
2. Gender: The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds	Partially	Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund-related activities;	Yes	Equal Treatment Act , chapter 4 Government of the Republic Act , section 67 Statutes of the Ministry of Social Affairs , sections 6 and 13 Guidelines on mainstreaming horizontal themes	The obligations and duties of bodies responsible for gender equality are provided in the legislation referred to above. The horizontal theme of equal opportunities is mainstreamed into the Partnership Agreement, the Operational Programme for Cohesion Policy Funds, sectoral development plans and measures in accordance with the guidelines on mainstreaming horizontal themes.
		Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	No		
3. Disability: The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC	Partially	Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation	Yes	Equal Treatment Act , chapter 2 Government of the Republic Act , section 67 Statutes of the Ministry of Social Affairs , sections 6 and 13 Memorandum on the principles of cooperation between the Government of the Republic and representative organisations of persons with disabilities Guidelines on mainstreaming horizontal themes	The obligations and duties of bodies responsible for equal rights of persons with disabilities are provided in the legislation referred to above. The memorandum on the principles of cooperation between the Government of the Republic and representative organisations of persons with disabilities (signed on 30.02.2012) provides the bases and specific objectives of long-term

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
		and implementation of programmes;			cooperation. The horizontal theme of equal opportunities is mainstreamed into the Partnership Agreement, the Operational Programme for Cohesion Policy Funds, sectoral development plans and measures in accordance with the guidelines on mainstreaming horizontal themes.
		Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national legislation, as appropriate;	No		
		Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.	Yes	Building Act Requirements for ensuring mobility opportunities for persons with mobility, sight or hearing disability in public buildings Social Welfare Act Traffic Act Labour Market Services and Benefits Act Occupational Health and Safety Act Public Information Act Equal Treatment Act , chapter 2	The implementation and monitoring of Article 9 of the UN Convention on the Rights of Persons with Disabilities is ensured on the basis of the legislation referred to above.

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
4. Public procurement : The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Yes	Arrangements for the effective application of Union public procurement rules through appropriate mechanisms;	Yes	Public Procurement Act https://www.riigiteataja.ee/akt/114022012003 Statistics of the Appeals Committee https://riigihanked.riik.ee/lr1/c/document_library/get_file?p_l_id=216099&folderId=54352&name=DLFE-20101.pdf Code of Administrative Court Procedure https://www.riigiteataja.ee/akt/125102012010 Government of the Republic Regulation 'Conditions and procedures for reclaiming and repaying aid and for provision of information related to violations in the granting and use of aid' https://www.riigiteataja.ee/akt/105072011020	Estonia has established detailed public procurement rules applicable to all contracting authorities, including those who receive co-financing from Cohesion Policy instruments. As the existing rules for all contracting authorities are very detailed, only a few additional rules are needed for the use of Cohesion Policy instruments, i.e. only to the extent not covered by the existing rules or where the existing rules need to be made more specific due to the context.
		Arrangements which ensure transparent contract award procedures;	Yes	Public Procurement Act https://www.riigiteataja.ee/akt/114022012003 Statistics of the use of different types of procedures https://riigihanked.riik.ee/lr1/c/document_library/get_file?p_l_id=216043&folderId=23484&name=DLFE-19105.pdf Public Procurement Register https://riigihanked.riik.ee/register/HankedOtsing.html Structural Assistance Act 2014–2020 (the draft is being processed)	The criterion has been met especially by the obligation to publish contract notices in the national public procurement register if the estimated value of the procurement exceeds 10,000 € for products and services and 40,000 € for construction works.
		Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds;	Yes	The Statutes of the Public Procurement and State Aid Department of the Ministry of Finance: http://www.fin.ee/osakonnad Information on training: https://riigihanked.riik.ee/lr1/web/guest/koolitused Consultation contacts:	The training and information of public procurement staff is ensured through the activities of the Public Procurement and State Aid Department of the Ministry of Finance, which is the coordinator of the public procurement area at

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
				http://www.fin.ee/riigihanked E-procurement environment: https://riigihanked.riik.ee FAQ: https://riigihanked.riik.ee/lr1/web/guest/kord_uma-kippuvad-kusimused Analysis and national and European Court practice: https://riigihanked.riik.ee/lr1/web/guest/riigih_angete-korraldamine Public procurement legislation: https://riigihanked.riik.ee/lr1/web/guest/sead_usandlus	the state level, and the managing authority for Cohesion Policy funds.
		Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	Yes	European Court Reports and links to EU legislation: https://riigihanked.riik.ee Public Procurement Register in the e-procurement environment: https://riigihanked.riik.ee/register/HankedOtsing.html Leaflet on the e-procurement environment: https://riigihanked.riik.ee/lr1/c/document_library/get_file?uuid=aaeeab1-5b56-45ba-8547-376fefab15d6&groupId=11726	Administrative capacity in the implementation and application of EU public procurement rules is ensured by the activities of the Public Procurement and State Aid Department of the Ministry of Finance, which is the coordinator of the national public procurement area, and the managing authority of Cohesion Policy instruments.
5. State aid: The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	Yes	Arrangements for the effective application of Union State aid rules;	Yes	Competition Act: https://www.riigiteataja.ee/akt/127062012011?leiaKehtiv Statutes of the State Aid and <i>De Minimis</i> Aid Register https://www.riigiteataja.ee/akt/107062012002	State aid guidelines, frameworks, communication and instructions are directly applicable in Estonia. National procedural rules are stipulated in the Competition Act. For the purpose of inspection of <i>de minimis</i> aid and reporting on <i>de</i>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
					<p><i>minimis</i> and state aid, a national register that has a public search functionality has been established. When the draft legislative acts on the terms and conditions for granting support financed from Cohesion Policy funds are submitted for approval, compliance with the state aid rules is checked, among other things, and if necessary, comments are made or approval is not granted to the draft. A state aid checklist has been drawn up for the administration to check draft acts.</p>
		<p>Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds;</p>	<p>Yes</p>	<p>The Statutes of the Public Procurement and State Aid Department of the Ministry of Finance:http://www.fin.ee/osakonnad State-aid related information, including links to instruction materials and legal provisions, and consultation contacts: http://www.fin.ee/riigiabi</p>	<p>In the area of state aid, expeditious and effective dissemination of information is ensured through a mailing list of grantors of assistance, including implementers of Cohesion Policy instruments, and a public website. In addition, the Public Procurement and State Aid Department of the Ministry of Finance ensure training of state assistance grantors.</p>

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
		Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	Yes	The Statutes of the Public Procurement and State Aid Department of the Ministry of Finance: http://www.fin.ee/osakonnad State-aid related information, including links to instruction materials and legal provisions, and consultation contacts: http://www.fin.ee/riigiabi	Issues of state aid are coordinated by the Public Procurement and State Aid Department of the Ministry of Finance. The department ensures the consulting and training of institutions and persons regarding state aid. The Public Procurement and State Aid Department disseminates information, provides consulting and trains developers and implementers of measures financed from Cohesion Policy funds.
6. Environmental legislation relating to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) The existence of arrangements for the	Yes	Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (2) (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (3) (SEA);	Yes	Environmental Impact Assessment and Environmental Management System Act https://www.riigiteataja.ee/akt/121122011015 that transposed SEA directive 2001/42/EC and EIA directive 2011/92/EU	The Environmental Impact Assessment and Environmental Management System Act (adopted on 22.02.2005) ensures effective application of the EIA and SEA directives.

Ex-ante conditionality	Ex-ante conditionality fulfilled	Criteria for fulfilment	Criterion fulfilled	References	Explanations regarding meeting criterion
effective application of Union environmental legislation related to EIA and SEA.		Arrangements for training and dissemination of information for staff involved in the implementation of the EIA and SEA Directives;	Yes	Environmental Impact Assessment and Environmental Management System Act https://www.riigiteataja.ee/akt/121122011015 that transposed SEA directive 2001/42/EC and EIA directive 2011/92/EU	Implementation of the Environmental Impact Assessment and Environmental Management System Act ensures training for and informing of personnel involved in implementation of the EIA and SEA directives.
		Arrangements to ensure sufficient administrative capacity.	Yes	Environmental Impact Assessment and Environmental Management System Act https://www.riigiteataja.ee/akt/121122011015 In addition, instruction materials are accessible at http://www.envir.ee/91552 and http://www.envir.ee/92040	Implementation of the Environmental Impact Assessment and Environmental Management System Act and the instruction materials compiled on the basis thereof ensure adequate administrative capacity.

Table 8. Applicability of ex-ante conditionalities to priority axes under the Operational Programme for Cohesion Policy Funds

Applicable ex-ante conditionality	Operational programme to which the ex-ante conditionality applies	Priority axis to which the ex-ante conditionality applies
Thematic ex ante conditionalities		
1.1 <i>Research and innovation</i> : the existence of a national or regional smart specialisation strategy in line with the National Reform Programme, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems	Operational Programme for Cohesion Policy Funds	4. Growth-capable entrepreneurship and internationally competitive RD&I
1.2 <i>Research and innovation infrastructure</i> : the existence of a multi-annual plan for budgeting and prioritisation of investments	Operational Programme for Cohesion Policy Funds	4. Growth-capable entrepreneurship and

		internationally competitive RD&I
2.1. <i>Digital growth</i> : a strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives	Operational Programme for Cohesion Policy Funds	11. Infrastructure for ICT services
2.2. <i>Next Generation Network (NGN) Infrastructure</i> : the existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high-speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups	Operational Programme for Cohesion Policy Funds	11. Infrastructure for ICT services
3.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Operational Programme for Cohesion Policy Funds	4. Growth-capable entrepreneurship and internationally competitive RD&I 5. Development of small and medium-sized enterprises and strengthening the competitiveness of regions
4.1. Actions have been carried out to promote cost-effective improvements of energy end-use efficiency and cost-effective investment in energy efficiency when constructing or renovating buildings.	Operational Programme for Cohesion Policy Funds	6. Energy efficiency
5.1. <i>Risk prevention and risk management</i> : the existence of national or regional risk assessments for disaster management, taking into account climate change adaptation	Operational Programme for Cohesion Policy Funds	8. Green infrastructure and improved preparedness for emergencies
6.1. <i>Water sector</i> : the existence of (a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and (b) an adequate contribution of different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes	Operational Programme for Cohesion Policy Funds	7. Water protection
7.1. <i>Transport</i> : the existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks	Operational Programme for Cohesion Policy Funds	10. Sustainable transport
7.2. <i>Railway</i> : the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States'	Operational Programme for Cohesion Policy Funds	10. Sustainable transport

institutional set-up (including concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity-building.		
7.3. <i>Other modes of transport, including inland-waterways and maritime transport, ports, multimodal links and airport infrastructure:</i> the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN-T comprehensive and core networks and to promoting sustainable regional and local mobility	Operational Programme for Cohesion Policy Funds	10. Sustainable transport
8.1. Active labour market policies are designed and delivered in the light of the Employment guidelines.	Operational Programme for Cohesion Policy Funds	3. Improvement of access to, and prevention of dropping out of, the labour market
9.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines	Operational Programme for Cohesion Policy Funds	2. Increasing social inclusion 9. Sustainable urban development
9.3. <i>Health:</i> the existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability	Operational Programme for Cohesion Policy Funds	2. Increasing social inclusion 9. Sustainable urban development
10.1. <i>Early school leaving:</i> the existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU	Operational Programme for Cohesion Policy Funds	1. Qualifications and skills meeting the needs of society and the labour market
10.2. <i>Higher education:</i> the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU	Operational Programme for Cohesion Policy Funds	1. Qualifications and skills meeting the needs of society and the labour market
10.3. <i>Lifelong learning:</i> the existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU	Operational Programme for Cohesion Policy Funds	1. Qualifications and skills meeting the needs of society and the labour market
10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU	Operational Programme for Cohesion Policy Funds	1. Qualifications and skills meeting the needs of society and the labour market
11. The existence of a strategic policy framework to reinforce the Member State's administrative efficiency, including public administration reform	Operational Programme for Cohesion Policy Funds	12. Administrative capacity

General ex-ante conditionalities		
1. <i>Anti-discrimination</i> : the existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds	Operational Programme for Cohesion Policy Funds	All priority axes
2. <i>Gender equality</i> : the existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds	Operational Programme for Cohesion Policy Funds	All priority axes
3. <i>Disability</i> : the existence of administrative capacity for the implementation and application of the UN Convention on the Rights of Persons with Disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC [1]	Operational Programme for Cohesion Policy Funds	All priority axes
4. <i>Public procurement</i> : the existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds	Operational Programme for Cohesion Policy Funds	All priority axes
5. <i>State aid</i> : the existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds	Operational Programme for Cohesion Policy Funds	All priority axes
6. <i>Environmental legislation relating to Environmental Impact Assessment (EIA) and, Strategic Environmental Assessment (SEA)</i> : the existence of arrangements for the effective application of EU environmental legislation related to EIA and SEA	Operational Programme for Cohesion Policy Funds	All priority axes
7. <i>Statistical systems and result indicators</i> : the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of programmes. The existence of a system of result indicators necessary to select actions, which most effectively contribute to desired results, to monitor progress towards results and to undertake impact evaluation	Operational Programme for Cohesion Policy Funds	All priority axes

Table 9. Action plan for meeting general ex-ante conditionalities that are unfulfilled or only partially fulfilled

General ex-ante conditionalities that are unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
1. <i>Anti-discrimination</i> : the existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy	Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of EU anti-discrimination law and policy	Inclusion of training on anti-discrimination law in the training plan for employees involved in the management of structural funds	30/09/2014	The proposal concerning training to be submitted by the Ministry of Social Affairs; the training plan for employees involved in the management of structural funds to be compiled

in the field of ESI Funds				by the Ministry of Finance. Training activities are planned for the entire period of the structural funds. The target groups are all relevant employees of the agencies involved in the planning, implementation and control of structural funds who have to consider the rights of and equal opportunities for people with disabilities. The training plan is based on the training needs and level of knowledge of the target group. The training programmes include both a general introduction to gender equality, equal opportunities and rights of people with disabilities and practical examples and exercises which the participants can use later in their work.
2. Gender equality:the existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds	Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of EU gender equality law and policy as well as on gender mainstreaming	Inclusion of training on gender equality law in the training plan for employees involved in the management of structural funds	30/09/2014	The proposal concerning training to be submitted by the Ministry of Social Affairs; the training plan for employees involved in the management of structural funds to be compiled by the Ministry of Finance. Training activities are planned for the entire period of the structural funds. The target groups are all relevant employees of the agencies involved in the planning, implementation and control of structural funds who have to

				consider the rights of and equal opportunities for people with disabilities. The training plan is based on the training needs and level of knowledge of the target group. The training programmes include both a general introduction to gender equality, equal opportunities and rights of people with disabilities and practical examples and exercises which the participants can use later in their work..
3. Disability:the existence of administrative capacity for the implementation and application of the UN Convention on the Rights of Persons with Disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC [1]	Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable EU and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in EU and national legislation, as appropriate	Inclusion of training on disability law and policy in the training plan for employees involved in the management of structural funds	30/09/2014	The proposal concerning training to be submitted by the Ministry of Social Affairs; the training plan for employees involved in the management of structural funds to be compiled by the Ministry of Finance. Training activities are planned for the entire period of the structural funds. The target groups are all relevant employees of the agencies involved in the planning, implementation and control of structural funds who have to consider the rights of and equal opportunities for people with disabilities. The training plan is based on the training needs and level of knowledge of the target group. The training programmes include both a general introduction to gender equality, equal opportunities and rights of

				people with disabilities and practical examples and exercises which the participants can use later in their work..
--	--	--	--	--

Table 10. Action plan for meeting thematic ex-ante conditionalities

Thematic ex-ante conditionalities that are unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
1.2. The existence of a multi-annual plan for budgeting and prioritisation of investments	An indicative multi-annual plan for budgeting and prioritization of investments linked to EU priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures - ESFRI has been adopted.	The current Estonian Research Infrastructure Roadmap was approved by Government of the Republic Order No 236 of 17.06.2010. The Roadmap is a long-term planning tool (covering 10-20 years) that includes a list of nationally important components of research infrastructure to be constructed or modernised. Among other things, the Roadmap specifies Estonia's participation in ESFRI Roadmap projects. The process of updating the Roadmap was launched in 2013.	31/08/2014	Ministry of Education and Research
4.1. Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in energy efficiency when constructing or renovating buildings.	— measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council	1. Submitting Estonia's reply to the EU Pilot information request on some aspects of Estonia's notification on cost-optimal levels of minimum energy performance requirements. 2. Clarification of necessary amendments in the regulation on minimum energy performance requirements for transposition of Article of Directive 2010/31/EU. 3. Taking of necessary action based on the above, in relation to minimum energy performance requirements for buildings and building elements as well as calculation of cost-optimal levels of minimum energy requirements.	30.06.2014 31.12.2014 31.03.2015	Ministry of Economy and Communications
	— measures necessary to establish a system of certification of the energy performance of buildings consistent with Article	1. Clarification of additional amendments in the existing regulation on the format of the energy performance certificate and the procedure	31.09.2014 31.12.2014	Ministry of Economy and Communications

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
	11 of Directive 2010/31/EU;	<p>for issuing it.</p> <p>2. Taking of necessary action based on the above, in relation to the regulation on energy performance certification.</p> <p>3. Enhancing the visibility and accessibility of information materials provided to owners or tenants, who are interested in the energy saving options, cost-effectiveness of the recommendations made in the energy performance certificate, etc. Existing information materials will be complemented, if necessary.</p>	31.12.2014	
5.1. <i>Risk prevention and crisis management</i> : the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	Taking into account, where appropriate, national climate change adaptation strategies	Development of a national climate change adaptation strategy	31/12/2015	Ministry of the Environment
7.1. <i>Transport</i> : The existence of (a) comprehensive plan(s) or framework(s) for transport investment in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive	- the contribution to the single European Transport Area consistent with Article 10 of Regulation No. [TEN-T], including priorities for investments in the core TEN-T network and the comprehensive network where investment from the ERDF and CF is envisaged; and secondary connectivity	The principles of the development of the TEN-T network are explained in the relevant annex to the Transport Development Plan to be approved by the Government.	30/09/2014	Ministry of Economic Affairs and Communications

Thematic conditionalities that are unfulfilled or partially fulfilled	ex-ante Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
and core networks.				
		Action 2: Strategic Environmental Assessment will be performed concerning the Marine Strategy, which will be compiled in accordance with the Marine Strategy Framework Directive.	30/03/2016	Ministry of the Environment
	- a realistic and mature pipeline for projects envisaged for support from the ERDF and CF.	Implementing acts (Conditions of Measure for Development of Transport Infrastructure and Procedures for Preparation of Investment plan” on the development of the transport infrastructure is being prepared. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In addition it will set out the framework for fulfilling the five criteria’s in the Guidance on ex-ante Conditionalites, part II, under the concept of “realistic and mature project pipeline”	30/09/2014	Ministry of Economic Affairs and Communications
		Preparation and approval of the investment plan	31/12/2014	
		Adaption of the procedures of implementing the measure by the intermediate body. Adaption of relevant procedures of the Managing Authority	30/09/2014	The Technical Surveillance Authority Ministry of Finance
	- Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline	Procedures ensuring correct implementation of the tasks of intermediate bodies(these will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Condiditonalites, part II.)	30/09/2014	The Technical Surveillance Authority
		Implementing acts (Conditions of Measure for Development of Transport Infrastructure and Procedures for Preparation of Investment plan” on the development of the transport infrastructure is being prepared. (this will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante	30/09/2014	Ministry of Economic Affairs and Communications

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
		Conditonalites, part II.)		
7.2. <i>Railway</i> : The existence within the comprehensive transport plan(s) or framework(s) of an explicit section on railway development in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.	- which sets out a realistic and mature project pipeline (including a timetable, budgetary framework)	Implementing acts (Conditions of Measure for Development of Transport Infrastructure and Procedures for Preparationm of Investment plan” on the development of the transport infrastructure is being prepared. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In addition it will set out the framework for fulfilling the five criteria’s in the Guidance on ex-ante Conditonalites, part II, under the concept of “realistic and mature project pipeline”	30/09/2014	Ministry of Economic Affairs and Communications
		Preparation and approval of the investment plan	31/12/2014	
		Adaption of the procedures of implementing the measure by the intermediate body. Adaption of relevant procedures of the Managing Authority	30/09/2014	The Technical Surveillance Authority Ministry of Finance

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
	- Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline	Procedures ensuring correct implementation of the tasks of intermediate bodies (these will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Conditonalites, part II.)	30/09/2014	The Technical Surveillance Authority
		Implementing acts (Conditions of Measure for Development of Transport Infrastructure and Procedures for Preparation of Investment plan” on the development of the transport infrastructure is being prepared. (this will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Conditonalites, part II.)	30/09/2014	Ministry of Economic Affairs and Communications
7.3. <i>Other modes of transport, including inland-waterways and maritime transport, ports, multimodal links and airport infrastructure:</i> The existence within the comprehensive transport plan(s) or framework(s) of an explicit section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN-T comprehensive and core networks and to	The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which: — complies with legal requirements for strategic environmental assessment;	As regards the maritime sector, Strategic Environmental Assessment will be performed concerning the Marine Strategy, which will be compiled in accordance with the Marine Strategy Framework Directive	31/03/2016	Ministry of the Environment

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
promote sustainable regional and local mobility.				
	— which sets out a realistic and mature project pipeline (including a timetable, budgetary framework).	Legislation on the development of the transport infrastructure is being prepared. This will define the scope of supported activities, expected results and the procedure for the selection of projects, sets out the deadlines and procedure for submitting applications. In addition it will set out the framework for fulfilling the five criteria's in the Guidance on ex-ante Conditionalites, part II, under the concept of "realistic and mature project pipeline"	30/09/2014	Ministry of Economic Affairs and Communications
		Preparation and approval of the investment plan	31/12/2014	
		Adaption of the procedures of implementing the measure by the intermediate body. Adaption of relevant procedures of the Managing Authority	30/09/2014	The Technical Surveillance Authority Ministry of Finance
	- Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline	Procedures ensuring correct implementation of the tasks of intermediate bodies (these will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Condiditonalites, part II.)	30/09/2014	The Technical Surveillance Authority
		Implementing acts (Conditions of Measure for Development of Transport Infrastructure and Procedures for Preparationm of Investment plan" on the development of the transport infrastructure is being prepared. (this will take into account the requirements outlined in the relevant parts in the Guidance on ex-ante Condiditonalites, part II.)	30/09/2014	Ministry of Economic Affairs and Communications
9.1. The existence and the implementation of a national strategic policy	A national strategic policy framework for poverty reduction, aiming at active inclusion, is in			

Thematic conditionalities that are unfulfilled or partially fulfilled	ex-ante Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines	place that:			
	- provides a sufficient evidence base to develop policies for poverty reduction and monitor developments;	Preparation of the Development Plan for Social Protection, Inclusion and Equal Opportunities 2017-2023	31/03/2016	Ministry of Social Affairs
	- contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at highest risk of social exclusion, including people from marginalised communities	Action 1: Preparation of the Development Plan for Social Protection, Inclusion and Equal Opportunities 2017-2023 Action 2: Preparation of the integration plan: „Lõimuv Eesti 2020“	31/03/2016 30/10/2014	Ministry of Social Affairs Ministry of Culture
	- involves relevant stakeholders in combating poverty;	stakeholders and partners are involved in the process of preparing the Social Security, Inclusion and Equal Opportunities Development Plan 2017-2023. The role of partners in the implementation of the development plan will be defined in the description of the development plan management structure.	31/03/2016	Ministry of Social Affairs
	- depending on the identified needs includes measures for the shift from institutional to community-based care.	Action 1: Development Plan for Special Care (will be ready by the end of 2014) Action 2: long-term mapping of necessary infrastructure investment needs taking into account the expected demographic trends, will be developed and approved with Development Plan for Social Protection, Inclusion and Equal Opportunities 2017-2023	30/10/2014 31/03 2016	Ministry of Social Affairs
9.3. Health: the existence of a national or regional strategic policy framework	A national or regional strategic policy framework for health is in place that:			

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
for health within the limits of Article 168 TFEU ensuring economic sustainability	- contains coordinated measures to improve access to health services;	Development and approval of healthcare development trends as an implementation document of the Public Health Development Plan 2009–2020.	30/10/2014	Ministry of Social Affairs
	- contains measures to stimulate efficiency in the health sector through deployment of service delivery models and infrastructure.	Action 1: Development and approval of healthcare development trends as an implementation document of the Public Health Development Plan 2009–2020 Action 2: long-term mapping of necessary infrastructure investment needs taking into account the expected demographic trends, will be developed and approved in an implementation document of the Public Health Development Plan 2009–2020.	30/10/2014	Ministry of Social Affairs
10.1. <i>Early school leaving:</i> the existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU	A strategic policy framework on ESL is in place that:			
	- is based on evidence;	Action 1: Development and approval of the Lifelong Learning Strategy 2020 (approved by the Government of the Republic on 13 February 2014) implementation documents. The Ministry of Education and Research will prepare specific programmes by objectives (e.g. training programme for teachers and heads of school, teaching materials programme, study and career counselling programme, programme for linking studies and the labour market, schools network programme, etc.) in order to implement the Lifelong Learning Strategy. The schools network programme is based, inter alia, on the analysis of basic and upper secondary schools networks for 2020, conducted by the Praxis Centre for Policy Studies.	30.10.2014	Ministry of Education and Research
		Action 2: long-term mapping of necessary infrastructure investment needs taking into account the expected demographic trends, will be developed and approved in schools network programme (a Lifelong Learning Strategy 2020 implementation document).	30.10.2014	Ministry of Education and Research
	- covers relevant educational sectors, including early childhood development, targets in particular vulnerable groups that	Development and approval of the Lifelong Learning Strategy 2020 (approved by the Government of the Republic on 13 February 2014) implementation documents. The Ministry of Education and Research will prepare specific programmes by objectives (e.g. training	30.10.2014	Ministry of Education and Research

Thematic conditionalities that are unfulfilled or partially fulfilled	ex-ante	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
		are most at risk of ESL including people from marginalised communities and addresses prevention, intervention and compensation measures;	programme for teachers and heads of school, teaching materials programme, study and career counselling programme, programme for linking studies and the labour market, schools network programme, etc.) in order to implement the Lifelong Learning Strategy. The schools network programme is based, inter alia, on the analysis of basic and upper secondary schools networks for 2020, conducted by the Praxis Centre for Policy Studies.		
		- involves all policy sectors and stakeholders that are relevant to address ESL.	Completion and approval of the Lifelong Learning Strategy 2020 implementation documents and the Concept of Teaching Pupils with Special Educational Needs	30.09.2014	Ministry of Education and Research
10.3. Lifelong learning: the existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU ¹⁴⁰		A national or regional strategic policy framework for lifelong learning is in place that contains:			
		- measures to support the developing and linking services for lifelong learning (LLL), including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for the involvement of, and partnership with relevant stakeholders;	Action 1: The Ministry of Education and Research will prepare specific programmes by objectives (e.g. training programme for teachers and heads of school, teaching materials programme, study and career counselling programme, programme for linking studies and the labour market, schools network programme, etc.) in order to implement the Lifelong Learning Strategy.	30.10.2014	Ministry of Education and Research
			Action 2: long-term mapping of necessary infrastructure investment needs taking into account the expected demographic trends, will be developed and approved in Lifelong Learning Strategy 2020 implementation documents.	30.10.2014	Ministry of Education and Research
		- measures for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy	The Ministry of Education and Research will prepare specific programmes by objectives (e.g. training programme for teachers and heads of school, teaching materials programme, study and career counselling programme, programme for linking studies and the labour market, schools network programme, etc.) in order to implement the	30.10.2014	Ministry of Education and Research

¹⁴⁰The action plan for meeting the other ex-ante conditionalities of the thematic objective for education will be added during the consultation stage.

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
	<p>frameworks (for example young people in vocational training, adults, parents returning in the labour market, low skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities);</p> <p>- measures to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning in the labour market, low skilled and other workers, migrants and other disadvantaged groups, in particular people with disabilities).</p>	<p>Lifelong Learning Strategy.</p> <p>Development and approval of the Lifelong Learning Strategy 2020 implementation documents. The Ministry of Education and Research will prepare specific programmes by objectives (e.g. training programme for teachers and heads of school, teaching materials programme, study and career counselling programme, programme for linking studies and the labour market, schools network programme, etc.) in order to implement the Lifelong Learning Strategy.</p>	30.10.2014;	Ministry of Education and Research
11. Member States' administrative efficiency: the existence of a strategic policy framework to reinforce the Member State's administrative efficiency, including public administration reform	A strategic policy framework for reinforcing the Member State's administrative efficiency with the following elements is in place and in the process of being implemented:	<p>Updating the Implementation Plan for for the OECD Public Governance Review (http://valitsus.ee/et/riigikantselei/oecd-raport/tegevuskava) to bring it in line with the preconditions for the use of the EU structural funds. The action plan:</p> <p>(i) is based on an analysis of the OECD Public Governance Review http://www.valitsus.ee/UserFiles/valitsus/et/riigikantselei/uldinfo/dokumentiregister/Uuringud/OECD_Public%20Governance%20Review_Estonia_full%20report.pdf</p> <p>(ii) is prepared in cooperation between the ministries involved in the implementation of the action plan.</p> <p>(iii) includes objectives, indicators, implementation schedule and indicative budget.</p>	30.09.2014	Government Office

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
		The action plan is updated annually, which enables its supplementation based on the analyses made in the meantime.		
	- an analysis and strategic planning of legal, organisational and/or procedural reform actions;	Action 1: Updating the Implementation Plan for the OECD Public Governance Review which includes: (i) improving the policy-making capacity, including - improving the quality of legislative drafting - developing cooperation and coordination mechanisms; (ii) improving the quality of resources, including - developing the institutional organisation of the state; - improving the management capacity of organisations.	30.09.2014	Government Office
		Action 2: General concept of the draft Government of the Republic Act, which provides for more rights of self-organisation and more flexible administrative organisation for the executive authorities.	31.03.2015	Ministry of Justice
	- the development and implementation of human resources strategies and policies covering the main gaps identified in this field;	Action 1: Objectives and principles of the development of human resources and the relevant actions are described by sectors in the White Paper on the Personnel Policy of the State as an Employer.	30.06.2015	Ministry of Finance
		Action 2: The topic of human resource management is included in the updated Implementation Plan for Recommendations Made in the OECD Public Governance Review	30.09.2014	Government Office
	- the development of quality management systems;	An analysis of which management systems and practices for improving the quality of management are used by organisations. The results of the analysis are used to analyse and agree on further development needs and actions.	30.03.2016	Ministry of Finance

Thematic conditionalities that are ex-ante unfulfilled or partially fulfilled	Criterion not fulfilled	Action to be taken	Deadline	Bodies responsible for fulfilment
	-	The topic of organisational development (including quality management) is included in the updated Implementation Plan for Recommendations Made in the OECD Public Governance Review	30.09.2014	Government Office

2.4. Methodology and mechanism to ensure consistency in the functioning of the performance framework

The performance framework builds on the objectives and indicators defined in the existing and updated sectoral development plans of Estonia. On the one hand, this approach facilitates the monitoring of the use of the ESI Funds as part of the monitoring of the implementation of national sectoral and cross-sectoral strategies. On the other hand, this approach has helped to determine, as early as in the stage of updating development plans and drawing up the Operational Programme(s), the state's objectives to the achievement of which the ESI Funds will contribute, as well as ways of achieving the greatest combined impact of contributing to the different objectives. Therefore, indicators and their target levels have also been determined as part of the performance framework of the Operational Programme, and progress towards the targets will be followed within the scope of the monitoring of implementation. National milestones for the indicators will be set, against which the progress of implementation will be measured. Should the achievement of the milestones be jeopardised, constructive solutions will be sought proactively. This will provide an opportunity to obtain preliminary information on the likelihood of realisation of potential risks and to initiate appropriate decisions to mitigate these.

Annual monitoring reports on the Operational Programme will follow progress towards the expected results and determine the latest available level of indicators. In the event that progress in the implementation of the Operational Programme is slower than anticipated, monitoring meetings will be held between the representatives of the Ministry of Finance (managing authority) and the ministries responsible for performance (implementing authorities) to discuss whether and how the activities necessary to achieve the results should be rearranged. If necessary, external evaluations of the implementation of the priority axes and the resulting recommendations for improvement of performance will be procured from independent experts. A multiannual evaluation programme will be drawn up in collaboration with institutions organising the use of the ESI Funds which will be updated at least once a year, taking into account the problems and needs that have emerged during implementation. In parallel, both the ministries responsible for performance and the Ministry of Finance as the managing authority will rely on the results of other relevant assessments (including reports on the implementation of 'Estonia 2020' and of sectoral development plans, as well as the audits of the National Audit Office in areas concerning the use of the ESI Funds). Should it appear in the monitoring process that the achieving of an initially planned result and indicator target is unrealistic, the managing authority will ask the responsible ministry to proactively submit proposals (in collaboration with other partners) to improve performance. If justified proposals to change the emphases between priority axes are submitted in this context, amendment of the Operational Programme(s) will be considered.

National development plans will have been updated by the time of implementation of the Operational Programme(s). During the updating process, indicators of the performance framework for use of the ESI Funds are used as well, as this makes it possible to plan activities on the basis of the same indicators for the coming years, if necessary. Monitoring of performance will continue after the implementation of the Operational Programme(s) as part of the monitoring of the implementation of sectoral development plans.

The performance framework of the ERDP is based on output indicators. The target levels are set and the progress made in achieving those levels is monitored. Annual monitoring reports discuss the progress made towards the expected outcomes. If the progress is not fast enough, the monitoring committee will discuss if and how the activities should be changed in order to achieve the desired results. The evaluators are also consulted regarding the achievement of the target levels. They can make recommendations for improving actions to achieve the target levels.

2.5. Assessment of need to reinforce the administrative capacity of authorities and, where appropriate, of beneficiaries, and summary of action to be taken for this purpose

The success of the implementation of the Partnership Agreement and use of funds depends, in particular, on the administrative capacity of the administration managing the funds, as well as on the administrative capacity of applicants and beneficiaries. Therefore, it is important to continue to improve management at all levels during the 2014–2020 programming period.

Purposeful and successful use of funds is conditional on well-functioning structures and processes that are facilitated by a clear and unambiguous legal framework, review of the system for managing the use of funds (incl. electronic data exchange systems) and its adjustment according to needs, involvement in policy development and activities that ensure the reliability and transparency of data. The implementation system has been established in compliance with the principle that the overall arrangements of the management and control system should remain the same as in the 2007–2013 programming period. The experience so far shows that the progress of use of the ESI Funds has been good. This indicates that the implementation system is, in general, suitable. The authorities managing the resources are largely the same as in the period 2007–2013. Two intermediate bodies are added. These bodies are experienced in developing, monitoring and evaluating/analysing national measures and in the future, they will be responsible also for measures supported from Structural Funds. Coordination between the institutions administrating the funds should be effective when planning, implementing, monitoring and evaluating the provision of support.

The mid-term evaluation of structural funds in the programming period 2007–2013 (conducted in December 2011) did not reveal any major weaknesses, excessive systemic risks or very low-efficiency processes in the implementation system. The evaluators pointed out that the existing implementation system for structural funds generally ensures the sufficient quality of the various processes and is not excessively voluminous or expensive. According to the evaluators, reinforcement of the monitoring process and development of the Structural Fund information system are the functions that need the most attention. As a result of the evaluation of the selection criteria for structural funding in the 2007–2013 programming period (conducted in June 2010), it was recommended to enhance the monitoring of progress towards objectives at the measure level and make the evaluation process more transparent to applicants and the general public. These recommendations will be taken into account when setting up the Cohesion Policy implementation system, incl. drawing up and enforcing the Structural Assistance Act for the 2014–2020 programming period and horizontal legislative acts adopted on the basis of the Act during the first half of 2014 at the latest. According to these legislative acts, the main actions taken to maintain and improve administration capacity related to Cohesion Policy funds are as follows:

- simplification of the structure of the implementation system by merging the functions of the certifying authority with those of the managing authority¹⁴¹; abolition of the lead ministry level and harmonising the work processes of the administration;
- assigning the task of verifying the performance of implementing agencies' and bodies' management and control systems to the managing authority, thereby reinforcing central coordination by the managing authority;
- assigning the task of monitoring the implementation of the Operational Programme to the managing authority in order to improve the efficiency of monitoring;
- development of the Structural Fund information system;
- laying down clearer conditions and procedures in national legislation to increase the transparency of the project evaluation process.

¹⁴¹During the period 2014–2020 the managing authority will perform the functions of the certifying authority. Allowing a similar division of labour in the period 2007–2013 is a prerequisite for uniting these authorities.

Annual certification audits conducted for the purpose of monitoring the implementation of the European Union's Common Agricultural Policy have revealed that there are no major weaknesses, excessive systemic risks or very low-efficiency processes in the implementation system. Nor were such shortcomings identified during the mid-term evaluation of the Estonian Rural Development Plan 2007–2013. However, applicants complained during the mid-term evaluation that the time limits of proceedings and payments were too long. Thus there is no need for significant changes in the EAFRD implementation system; instead, the focus should be on maintaining and enhancing the system. Based on the earlier experience of implementation and the results of evaluations of the 2007–2013 programming period, the main actions taken to this end are as follows.

- The management information system will be extensively developed to improve its supervision and evaluation functions.
- Clearer conditions and procedures will be laid down in national legislation to increase the transparency and simplify the process of checking that expenditure is justified.

The mid-term evaluation of the Operational Programme for the European Fisheries Fund 2007–2013 ascertained that the monitoring system was operational and functions were clearly distributed between authorities. Thus, there is no need for significant changes in the implementation system regarding the administration of support from the European Maritime and Fisheries Fund.

No new intermediate bodies are added for EAFRD and EFF in the period 2014–2020. Staff turnover is not a problem either, remaining at 10% at both the Ministry of Agriculture and PRIA.

As in the period 2007–2013, the functions of the managing authority and audit authority for Cohesion Policy funding will be performed by the Ministry of Finance. The managing authority will be responsible for ensuring the implementation of the Operational Programme; the compliance of the administration's management and control systems with requirements; monitoring, evaluation and communication activities; the conducting of training; arranging the financial management of funds and certification of expenditure to the Commission; and the availability of general support services (incl. functioning of the information system).

Some of the tasks of the managing authority stipulated in the Common Provisions Regulation will be delegated to implementing agencies and implementing bodies. In general, ministries (a maximum of eight) will function as implementing agencies and be responsible for attaining the objectives set in the Operational Programme in their respective areas of government and for creating the conditions required for this. As earlier, implementing bodies (generally the agencies and foundations established by the state; a maximum of nine) will be responsible for the primary-level activities related to applying for and using the support, and for providing advice to applicants and beneficiaries. Thus, one of the important functions of the managing authority will be the development of guidance materials and the organisation of training sessions to ensure accurate fulfilment of delegated tasks.

The audit authority will be responsible for ensuring the conducting of audits on the proper functioning of the management and control systems of the Operational Programme.

The managing authority of the Rural Development Plan 2014–2020 is the Ministry of Agriculture, who will be responsible for coordinating the implementation of the Common Agricultural Policy of the European Union. The Ministry of Agriculture will be responsible for supervising and accrediting the paying agency as well as for other duties of a managing authority, including monitoring and evaluation of and publicity with respect to the programme. The paying agency for the Rural Development Plan 2014–2020 is the Estonian Agricultural Registers and Information Board (ARIB), who will be accredited by the Ministry of Agriculture before implementing the Common Agricultural Policy of the European Union and the related measures. The paying agency will apply administrative arrangements and implement an internal control system that should ensure legal and accurate payments and compliant accounting for these. The certifying authority will be a public- or private-sector auditing agency appointed by the managing authority. The certifying authority will submit its report on whether the accounting of the paying authority is complete and accurate, whether the internal control

systems function as required and whether the expenditure for which compensation is requested from the Commission is legal and accurate.

In view of the applicable principle that the structure of the Cohesion Policy implementation system remains the same as it was in the 2007–2013 programming period and the amount of funds Estonia will receive is also comparable to that of the previous period, it may be said that the implementation personnel of the previous period is adequate for the 2014–2020 programming period as well. Nearly 400 people were involved in the management and control of structural funds in the period 2007–2013. The personnel was considered to be rather experienced during the intermediate evaluation of the period 2007–2013 – the share of those who had worked in the system for less than one year was very low. The general assessment of the competencies of the personnel was good. It was also pointed out that a number of people had worked in the system in various positions and in different agencies. This means that part of staff turnover was related to the movement of people within the system, i.e. the experience of professionals remained in the system, grew and contributed to sharing and coordinating skills and knowledge. After the mid-term evaluation of structural funding for the 2007–2013 programming period, evaluators concluded that the total implementation costs of the period were reasonable, considering the objective (it cost 0.0203 Estonian kroons for the administration to pay one kroon of support in 2010). The auditors have not included inadequate personnel among major shortcomings either. The evaluations confirm that the existing personnel numbers are adequate and reasonable.

Each year, the Cohesion Policy managing authority will draw up a separate training plan for the administration, where special attention is paid to instructing newly recruited personnel and competence diversification of experienced specialists. The principles of administration training will be brought into compliance with actual long-term needs and general and specific training programmes with the help of technical assistance. The managing authority will coordinate the administration's training at the level of the Operational Programme for Cohesion Policy funding, taking into account the experience of the administration as a whole and with the aim of improving the competence of the institutions that support implementation, through improving the sectoral know-how of employees and keeping experienced personnel within the system.

Applicants' and beneficiaries' ability to prepare and successfully implement their projects is also key to successful implementation of the ESI Funds. The administration will therefore ensure training, advice and instruction for both applicants and beneficiaries, using technical assistance funds. In addition, and using the technical assistance funds, better use will be made of the opportunities provided by the information system in order to simplify the review of documents, reduce the proportion of technical work of applicants, beneficiaries and the administration and thereby place more emphasis on substantive activities.

The Ministry of Finance, which bears overall responsibility for administrative capacity with respect to state aid and public procurements, will provide advice and conduct training events for the administration, applicants and beneficiaries. At the state level, contracting authorities and tenderers will be offered advice via a hotline. In the event of more complex and lengthier public procurement procedures and state aid-related issues, advice can be requested via e-mail. The electronic public procurement environment will also be of help to implementers of the Public Procurement Act. Its aim is to provide an innovative work environment for conducting and participating in public procurement procedures. Grantors of state aid can use the state aid register to monitor compliance with *de minimis* aid cumulation rules. The Ministry of Finance will compile reports on state aid and *de minimis* aid on the basis of the state aid register.

Monitoring of the Cohesion Policy Funds Operational Programme will be arranged by the managing authority in cooperation with the sectoral implementing agencies. A Monitoring Committee will be set up, its main tasks being the monitoring of progress towards the objectives set by the Operational Programme and making recommendations for the achievement of the objectives and results. In addition to the Monitoring Committee of the Operational Programme, sectoral committees (sub-committees to the Monitoring Committee) will be formed. The need for these committees derives from

the objective of harmonising the sectoral planning of measures across ministries. The sectoral committees will ensure concerted activities among institutions and partner organisations, synergy in implementation and that financing for similar activities or objectives does not overlap.

The managing authority will set up a Monitoring Committee to monitor the implementation of the Rural Development Plan 2014–2020 and evaluate the efficiency of implementation. The Monitoring Committee will discuss and coordinate the selection criteria to be applied under measures, monitor progress towards the objectives of the RDP, review implementation and evaluation results, approve annual reports and the final report, make proposals to the managing authority to improve management, and review and approve proposals to amend the financing plan of the programme.

In addition to the Monitoring Committees, the managing authorities for the Rural Development Plan and the Cohesion Policy Funds Operational Programme will also regularly analyse monitoring data to assess whether the agreed targets can be achieved, whether implementation is progressing at the desired pace and whether the data indicate shortcomings that need further attention. Also, the government will be regularly informed of progress towards the targets, progress in taking commitments and making payments and any possible problems so that it is possible to make the adjustments needed for successful implementation.

Devising general evaluation arrangements and coordinating evaluation activities with respect to Cohesion Policy funds will be the responsibility of the managing authority. The managing authority will also be responsible for horizontal evaluations, while implementing agencies will be responsible for sectoral evaluations. For the purpose of drawing up and reviewing evaluation plans, the managing authority will set up an evaluation work group that will include representatives of the managing authority and all implementing agencies and bodies to ensure effective coordination of evaluation activities and to avoid duplication. The evaluation work group will be the main body for planning, coordinating and carrying out evaluations as well as for evaluation follow-up activities.

The evaluation system for the Rural Development Plan 2014–2020 will be the same as the permanent evaluation system developed and applied in the 2007–2013 programming period. During the programming period, evaluation activities will be constant and continuous to ensure the time series of data. Annual evaluation activities will also depend on specific needs, and the evaluation activities of one year will be agreed with the Ministry of Agriculture in the preceding year. The evaluation activities conducted immediately before 2017, 2019 and ex-post evaluation will be more thorough and focus on the results of implementation of the RDP.

The tasks of all institutions involved in the Cohesion Policy implementation system will include risk assessment and management, which will be coordinated centrally by the managing authority. The assessment of risks and the prevention and early detection of possible errors at the project level are described as minimum requirements in the guidance materials of the managing authority and will be integrated in the management and control systems of implementing bodies. Risks relating to the progress of implementation of the Operational Programme and achievement of results will be assessed and managed in conjunction with the preparation of annual monitoring reports. The assessment of risks relating to the implementation system as a whole will be ensured within the process of submitting annual statements of management responsibilities. The management authority ensures the assessment and recording of risks of fraud in accordance with Article 125(4) (c) of the Regulation No 1303/2013 of the European Parliament and Council.

Information and publicity arrangements with respect to the Rural Development Plan 2014–2020 will be ensured by the Ministry of Agriculture and with respect to the Cohesion Policy Funds Operational Programme by the Ministry of Finance. Information about possible sources of Cohesion Policy funding, the authorities providing the funds, success stories and beneficiaries will be made available to the public and to potential applicants on the website www.strukturifondid.ee. The public will be regularly informed of the progress of the implementation of Cohesion Policy funds, and interested parties will continue to have the opportunity to submit more specific enquiries to the administration through the website.

2.6. Summary of action planned in the Operational Programmes, including an indicative timetable, to achieve a reduction in administrative burden on beneficiaries

For the effective implementation of the ESI Funds, it is very important to reduce the proportion of the beneficiaries' technical work so that they can focus more on substantive activities.

The mid-term evaluation of Structural Funds in the 2007–2013 programming period concluded that amendments have already been introduced to a number of laws and guidelines in different areas in Estonia to reduce the administrative burden on beneficiaries. For example, the rules on generating revenue from projects and the rules on preservation and purposeful use of assets acquired with the help of funding have been simplified, and opportunities for reimbursement of expenses according to a simplified procedure, without expense receipt-based substantiation, have been created. Nonetheless, the evaluators found that a substantial part of the implementation system's resources is spent on checking payment claims, reviewing applications for support, and developing and amending the principles and measures of granting support. The evaluation of the selection criteria for Structural Funds in the 2007–2013 programming period concluded that applicants and beneficiaries face difficulties obtaining information about calls for proposals and guidelines on the evaluation of applications. As a result of the evaluations, more attention will be paid to improving the availability of information to applicants and beneficiaries. Among other things, calls for proposals will be announced in national and local newspapers and on websites, application and project evaluation criteria will be made public, applicants will be offered advisory services and information days will be organised. In addition, more possibilities will be sought for reimbursement of expenses pursuant to the simplified procedure, and sample-based checks of expense receipts will be allowed.

In addition, the certifying authority has carried out an analysis of the time needed to review payment claims of projects funded during the period 2007–2013. The analysis showed that the time limits of reviewing payment claims are still relatively diverse within the administration. To avoid an unnecessarily long waiting period due to the processing of payment claims, a fixed time limit for processing claims will be centrally established in the horizontal legislation to be issued under the 2014–2020 Structural Assistance Act during the first half of 2014 at the latest. The time limit may be extended if additional information is needed to process a payment claim. This change will increase the liquidity of the beneficiaries' funds, and help to better and more accurately predict cash flows.

Support-related data exchange between applicants, beneficiaries and the administration will be made fully electronic. This will improve data quality and speed significantly and reduce the administrative burden of the administration, applications and beneficiaries, thus also speeding up the processing of payment claims.

Owing to the specific nature of the target group, the full transfer to electronic data exchange will not apply to support provided from the EMFF.

During the first half of 2014 at the latest, options for reducing the administrative burden of beneficiaries will be provided in the 2014–2020 Structural Assistance Act, the horizontal legislation to be adopted on the basis thereof and the guidelines of the managing authority:

- reimbursement of expenses on the basis of a flat rate, lump-sum payments and standardised unit costs, where possible; the rules of simplified expenditure schemes are set out by legislation at the beginning of the programming period without prejudice to the options and taking account the obligations provided for in the legislation at EU level. This means that all new expenditure schemes can be used, e.g. common rates laid down in EU legislation and other EU instruments as well as the simplified expenditure schemes used by other national schemes. The use of simplified expenditure schemes is also ensured in the case of small-scale ESF projects. The extent to which simplified expenditure schemes are used depends on the nature

- of measures. Because in some cases it is necessary to develop a baseline methodology, some simplified expenditure schemes may be implemented in the course of the programming period.
- the possibility to combine different types of support (e.g. non-repayable aid and financial instruments) from the start of the programming period ;
 - the possibility to make prepayments to beneficiaries from the start of the programming period ;
 - fully electronic exchange of information between applicants, beneficiaries and the administration no later than the end of 2015,; the development begins in 2014;
 - application of the single-entry principle to electronic applications to the extent possible;
 - requirements applicable to the implementation system will be harmonised from the start of the programming period in the administration where possible, so that applicants and beneficiaries better understand which requirements apply to applying and implementation with respect to which measure;
 - the website at www.strukturifondid.ee will provide applicants and beneficiaries with information about opportunities to apply for cohesion funding and the requirements applicable to the implementation of projects (including disclosure requirements); and
 - provision of advisory services to and training events for applicants and beneficiaries will continue.

The mid-term evaluation of the Estonian Rural Development Plan 2007–2013 concluded that it would be reasonable to allow the submission of expense receipts more frequently. The evaluation also highlighted the need to improve the efficiency of training measures and reduce the related administrative costs by applying simplified cost methods. Considering the above, it is important to continue to focus on reducing the administrative burden on beneficiaries when applying for support and implementing projects, while ensuring the eligibility of expenditure and effectiveness of project activities.

To reduce the administrative burden on beneficiaries who receive support under the European Union's Common Agricultural Policy, the following additional simplifications will be made:

- fully electronic exchange of information between applicants, beneficiaries and the administration;
- application of simplified expenditure schemes to the maximum extent possible (lump-sum payments and standardised unit costs);
- the possibility to combine different types of support (i.e. non-repayable aid and financial instruments);
- simplification of the system for checking that expenditure is justified.

Simplified expenditure schemes will be used from the application rounds, which begin in 2015. The schemes will be used in relation to the following measures – technical assistance (single rate), LEADER for local development (single rate), cooperation (single rate), knowledge transfer and information activities (standard unit price), improving the economic and ecological viability of forests (standard unit price).

As regards the agricultural investment support, a price list of agricultural machines and equipment will be introduced from 2015 in order to control expenses. Electronic application will be gradually extended so that all applications can be processed electronically by 2018.

Based on the results of the mid-term evaluation of the Operational Programme of the European Fisheries Fund 2007–2013, the introduction of various simplified expenditure-related methods in the implementation of the EMFF is being considered. The Operational Programme is being drawn up on the basis of the latest wording of the Fund Regulation. As there will probably be more measures than in the period 2007–2013, and due to additional requirements, administrative burden is estimated to grow. Fisheries action groups will have to comply with a large number of additional requirements. It is intended to assist members of action groups with training and other support activities.

The fisheries network provides training before preparing local development strategies and continues to provide training throughout the programming period.

It will be possible to combine different types of support (i.e. non-repayable aid and financial instruments). If practical, simplified expenses schemes (single rates, lump sum payments and standard unit prices) are used. Simplified expense schemes will be implemented from the onset of the programming period. The experience with such reimbursement schemes and best practices gathered in the course of implementing the structural funds are used,

3. Description of the integrated approach to territorial development supported by the esi funds or a summary of the integrated approaches to territorial development based on the content of the programmes

Regional development will be supported with the assistance of all ESI Funds.

Owing to the shortcomings of regional development described in section 1.1.3, the Cohesion Policy Funds Operational Programme provides for specific measures to strengthen the competitiveness of regions. The priority activities to be carried out within the scope of the relevant interventions are determined on the basis of county development plans, as well as action plans to improve the competitiveness of regions drawn up on the basis thereof. A separate priority axis is planned within the Cohesion Policy Funds Operational Programme to enhance international competitiveness and support sustainable development in Estonia's larger urban areas. In order to more effectively tap the intrinsic potential of regions and actively involve local communities in regional development, it is intended to implement a community-led local development approach when planning and using the funds of the Rural Development Plan and the Maritime and Fisheries Fund. Depending on the nature of interventions and target groups, community-based local development elements will be used; for example, representatives of local authorities, entrepreneurs and action groups will be involved in the development of interventions, thus enabling them to participate in the process of determining the objectives of support, eligible activities and project selection criteria. In the case of some interventions, representatives of these target groups will be invited to participate as experts in the evaluation and selection of projects. This approach will be considered in e.g. social and regional development spheres. However, most of the interventions will be nationwide in nature (which does not preclude the establishment of region-specific criteria) and the expected results will include e.g. universal improvement in the provision of one or another service (e.g. community-based development of welfare services). Consultations held in this regard revealed that LEADER action groups and fisheries action groups may or may not be interested in the comprehensive provision of such services across Estonia. Also, action groups do not cover the whole of Estonia. Therefore, it is reasonable to enable these action groups – as well as other interested parties – to participate in the development and provision of such services, if they so desire, but it would not be reasonable to distribute funds allocated for this type of intervention on the basis of action group strategies, given the expected results and the need to guarantee results throughout Estonia.

When designing and carrying out interventions that are aimed at regional development and improved provision of local public services with the help of structural funds, account will be taken of, inter alia, the strategies of both LEADER action groups and fisheries action groups in order to achieve better synergy and avoid overlaps in the activities proposed.

3.1. The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas

3.1.1. Community-led local development

Main challenges that the Member State intends to tackle with the community-led local development approach (CLLD)

The main reason for using the community-led local development approach stems from the need to direct local initiative in developing the local living and business environment towards finding solutions that are based on local resources and potential.

The Estonian Human Resource Report (2011) indicates that harmonisation of the state of development of regions would create opportunities for more skilful use of the endogenous potential of regions. The labour force and the natural and historical/cultural resources of rural areas far from major urban areas have not been exhaustively used in fostering local business. Therefore, it is important to create conditions for the use of region-specific advantages that derive from each region's location and its natural and cultural features, incl. for stronger specialisation in certain economic activities and for prioritised development of promising economic sectors suitable to the region in question. According to the European Territorial Agenda 2020, fostering economic specialisation on the basis of the competitive advantages of regions is essential to balanced regional development.

The analysis of Estonia's development needs indicates that the decline in the population of rural areas is raising the cost of providing public services and thus putting pressure on the availability and quality of services. To adapt to new realities, special attention should be paid to remote rural areas and sparsely populated areas, using novel and non-traditional solutions where possible. The solutions primarily involve the provision of public services in a more sustainable and innovative manner, promoting the use of e-services, improving access to high-speed Internet and ensuring high-quality and flexible transport networks. Developing community services is an important option in adaptation as well. It is also necessary to promote small-scale local business and contribute to job creation in rural areas on the ground. Developing green infrastructure is one way of stimulating local development. This will create a variety of region-specific opportunities and prerequisites for employment, for example by helping to develop eco-tourism, revitalise abandoned areas and arrange for the preservation of semi-natural habitats. The importance of community-based initiatives in the provision of services and in regional development more broadly will increase significantly in this context.

The analysis conducted by the Development Fund entitled 'External Environment 2020: Key Trends and their Implications for Estonia' concludes that growing and increasingly complex social concerns, for which the existing solutions are inadequate, are bound to entail social innovation. Such innovation can be used to improve the management of communities. For example, citizens and businesses are involved in the creation of solutions through the bottom-up initiative approach, which means that people are more engaged in governance and take responsibility for development. This in turn leads to the introduction of effective new solutions.

The analysis also suggests that voluntary action can more effectively address social concerns, because the creation and implementation of solutions is drawn closer to the problems and left to organisations that are better informed. In addition, volunteer work is beneficial in that different social groups are able to maintain active involvement in society, the (labour market-related) potential of volunteers increases, social capital expands and the risk of social isolation decreases. Revival of volunteering would also help to alleviate labour shortage in certain sectors, improve tidiness in local communities, reduce crime and revitalise local community life.

Application of the bottom-up approach is compatible with the principle of subsidiarity, which means that development decisions concerning local life are made at the lowest possible administrative level and thus closer to citizens, with more importance attached to citizens' free initiative and commitment. Therefore, the promotion of regional development will largely be based on supporting local development initiatives on the ground, assuming that development needs, potential and resources are best known at the local level.

In the development of coastal and inland fisheries, the bottom-up approach aims to engage local people in decision-making, contribute to balanced territorial development of fisheries regions and use the local knowledge base with a view to achieving the best possible results for the regions: the local community knows best the needs of its own region; and fisheries action groups have the experience and knowledge necessary for the development of coastal and inland fisheries, as well as an overview of the sector's needs. Also, action groups have experience of cooperation from the period 2007–2013. As fisheries regions are very different (coastal and inland waters, fisheries management, and different cultures and traditions), they also have different needs – the community-led local development approach and its implementation provides the best results in considering the regional characteristics and needs and delivering the goals of the Common Fisheries Policy.

The primary objective of developing coastal and inland fisheries is the restructuring of the sector which began in the current period. The restructuring of coastal and inland fisheries aims to achieve a well-organised and effective integrated supply chain, which enables fishermen to boost income from fishing and find alternative activities which sustain them outside of fishing seasons. During the period 2007–2013, attention was paid to the first half of the supply chain: high-quality landing of fish, i.e. renovation of fishing ports and landing sites and creation of storage conditions. Small-scale processing, adding value to catches and the promotion of joint marketing have been commenced to ensure that the supply chain is properly organised by 2020, thereby ensuring adequate income and local jobs for fishermen, which will contribute to the preservation of sustainable coastal fishing communities. Structural changes are at the halfway point and thus it is important to continue these activities in the next financial period and to complete in the period 2014–2020 what was started during the period 2007–2013.

Main objectives and priorities of the CLLD approach in the Member State

One of the objectives of the Rural Development Plan 2014–2020 is to ensure that the rural economy and rural living environment are diverse, that they offer alternative employment opportunities for the workforce that is no longer needed in agriculture and that they rely on solutions that are based on local resources and potential. This objective and the 'Leader for local development' measure will contribute in particular to priority 6 of the European Agricultural Fund for Rural Development: promoting social inclusion, poverty reduction and economic development in rural areas. In addition to the main area 6B, the measure will contribute to focus areas 1A, 1B, 1C, 2A, 2B, 3A, 3B, 4A, 4B, 4C, 5A, 5B, 5C, 5D, 5E, 6A and 6C.

The overall objective of the 'LEADER for local development' measure is to ensure balanced regional development through the implementation of its key elements. The measure is primarily intended to increase the competitiveness of enterprises through joint activities, promote social inclusion, make better use of the special features of regions, seek innovative solutions and encourage their uptake (incl. in the development of community services) and improve local governance by involving a range of stakeholders.

The Estonian Fisheries Strategy 2014–2020 aims to develop Estonian fisheries as an economic sector and improve the competitiveness of fishery production on domestic and foreign markets by contributing to the development of a rational economic environment for fisheries. One of the sub-objectives of the strategy is to develop the economic sustainability of coastal and inland fisheries, with part of the planned activities being carried out pursuant to the bottom-up principle through the community-led local development approach. The needs and opportunities of regions have been identified in a SWOT analysis. Fisheries action groups pursue the goals of the Common Fisheries Policy in particular.

The objectives and priorities pursued according to the bottom-up approach are in line with the priorities and objectives of the Common Fisheries Policy, the Europe 2020 strategy, the EU Strategy for the Baltic Sea Region, the Regulation of the European Maritime and Fisheries Fund and the Common Provision Regulation on Funds. Within the scope of the European Maritime and Fisheries Fund, the

community-led local development approach and its implementation will support Community priority 4 (EMFF Art 6(4)): increasing employment and territorial cohesion.

Development of, and support for, processing, marketing, diversification and innovation as well as improvement of environmental status are the main priorities for fisheries regions. This will ensure the sustainable development of the sector in future and will help to complete the necessary structural changes. One of the priorities is to support innovative fish processing, which involves the introduction of new technologies and promotion of the use of alternative energy sources to improve the efficiency of production processes and increase environmental sustainability and energy efficiency. It is important to continue to develop direct and joint marketing opportunities and to expand and diversify marketing activities, incl. finding markets for niche products and for less valuable and less-known species.

In the fisheries sector, socio-economic welfare is directly dependent on the fishing season and fish stocks. Current stocks are not sufficient to ensure adequate income for all people employed in fisheries regions. For this reason, it is important to take measures to increase income and preserve existing jobs in the regions. Involving local people in fisheries-related and maritime activities is essential. These activities create opportunities to increase revenue from fishing and create new, additional and ancillary activities during and outside fishing seasons which will improve social welfare and the quality of life in these regions.

In the preparation of the development strategies of LEADER action groups and fisheries action groups, the (proposed) contents of each other's development documents will be mutually taken into account. There will also be regional practical cooperation in the implementation of the development strategies.

Territories where the CLLD approach is envisaged to be implemented

Within the scope of the Rural Development Plan 2014–2020 the community-led local development approach will be implemented in rural areas. In the 2007–2013 programming period, territories of rural municipalities (incl. cities without municipal status) and small towns with a population of up to 4000 were treated as rural areas in the context of the 'Leader' measure. Considering that 26 local action groups were formed in Estonia under the Leader approach, covering more than 99% of the territories defined as rural areas in the programming period, it will be reasonable to continue to apply the existing definition of the area of action. When distributing funds between local action groups, a reduction coefficient will be applied to rural municipalities characterised by population growth, low unemployment and high incomes, and to cities without municipal status whose populations exceed 4000. The territory of a local action group should comprise rural municipalities and towns with common economic, cultural and social interests whose territories are located in the same geographic region. The size and population of the area of a local action group should provide sufficient critical mass in terms of human, financial and economic resources in order to implement a sustainable development strategy. The population of such an area should be in the range of 10,000–100,000, but justified differences will be allowed. Differences are justified by insularity, cultural or ethnic specificity or an average population density in the action group's area of less than 10 people per square kilometre.

Estonia is divided into fisheries regions in which fisheries action groups have been set up. The territories of areas of action cover coastal regions, islands, Lake Peipsi, Lake Pskov and Lake Võrtsjärv. The primary factor in determining a territory is the presence of commercial fishermen and other representatives of the fisheries sector. The regions are further divided in accordance with regional needs and specificities, ensuring geographical, economic and social unity within each area. This approach is also important in managing the sustainable exploitation of fish stocks and pursuing the objectives of the Common Fisheries Policy. The number of inhabitants meets the requirements of the Regulation, with the exception of Hiiumaa (*Dagö*), which had a population of 9984 in 2012 (data: www.stat.ee). Given its specificity and insularity, it is justified to treat Hiiumaa as a separate region. The goal is to ensure action groups' sustainability and continuation of the activities of the fisheries action groups set up in the 2007–2013 period.

ESI Funds to be used for the CLLD approach

At least 5% of the total budget of the Rural Development Plan should be allocated to the 'Leader' measure (50.4 million EUR). Estonia provided 85.8 million EUR in funding for the measure during the period 2007–2013. For the period 2014–2020 the Rural Development Plan envisages 93.6 million EUR for the measure, i.e. around 10% of the budget of the plan.

Fisheries action groups will operate and implement the development strategy of each region with the support of the European Maritime and Fisheries Fund¹⁴².

Integrated approach at the local level with other ESI Funds

An integrated approach with other ESI Funds will be ensured in particular through the integration of national processes associated with planning and budgeting. Budgetary decisions will be made considering all instruments (incl. different EU Funds) together, and their use will be harmonised, where necessary. Complementarities between different instruments, including the CLLD approach, will be observed and managed during the development and monitoring of the implementation of the State Budget Strategy and annual State Budget Acts. In addition, the entire administration that organises the use of the ESI Funds is required to support applicants and beneficiaries, including at the local level, through ongoing advisory services, guidance materials and training concerning options for obtaining support from ESI Funds. The principles of the CLLD approach are partially taken into account when using the structural funds. Because the aim of the interventions supported by the structural funds is to achieve the objectives that have to be achieved equally throughout the country, the implementation of such interventions cannot depend on whether the specific Leader action group or fisheries action group chooses the intervention as one of their priorities. The opportunities of such action groups for participating in the preparation and implementation of such interventions were discussed in the course of preparatory meetings. The experience and knowledge of local action groups can be used in the preparation of underlying documents for the interventions supported by the ESI Funds, while involving various partners and entities in charge of the interventions. In this process, the target group(s) of each intervention, eligible activities and expenditure, and project selection criteria (among other things) will be determined in more detail, bearing in mind the expected result. If local action groups or their members are eligible for support under the interventions supported by the ESI Funds, they can apply for support on equal conditions with other applicants and, if their application is satisfied, implement projects by using the ESI Funds. A community-based approach similar to the CLLD is used in the case of measures designed to increase the competitiveness of regions. Coordination and administrative set-up for CLLD and the specific role the local action groups will be attributed in its delivery

The Ministry of Agriculture will be the managing authority for the Rural Development Plan 2014–2020. In the case of the Leader approach, the functions of the paying authority will include making payments and verification of the eligibility of individual activities. Local Leader action groups will be responsible for the development and implementation of regional development strategies, incl. for the selection of projects that are in line with the local strategies. To this end, local action groups will:

- contribute to the capacity-building of local actors;
- prepare and publish calls for proposals or a procedure for the ongoing proposing of projects;
- develop a non-discriminatory and transparent procedure for selecting projects (and selection criteria) which precludes conflicts of interest;
- arrange for the receipt and evaluation of applications for support;
- choose the projects to be supported and determine the amount of support;
- ensure coherence with the local development strategy in selecting projects; and

¹⁴²EMFF funding, including the funds to be used through fisheries action groups, has yet to be specified.

- arrange for the monitoring of supported activities, as well as the evaluation activities linked to the local development strategy.

A fisheries action group will aim to develop the fisheries sector in the region, promote cooperation and contribute to the sustainable development of the region. An action group will be composed of the region's commercial fishermen, fisheries businesses and other businesses, local governments, and other organisations related to the region. An action group will identify the conditions and opportunities for the region's development, focusing on the fisheries sector, develop the regional development strategy, and implement it. When elaborating the strategy, coherence with the other development strategies of the region should be ensured. Action groups will develop cooperation between different sectors at the local, national and international levels. Action groups will assist and provide advice to applicants, announce calls for proposals, accept applications, conduct the first technical evaluation of the applications, and issue expert opinions on approval or rejections of applications based on which the intermediary body will make its decisions.

The territories of fisheries action groups and the rural 'Leader' action groups overlap to some extent – for example, the areas of action of a number of rural action groups partly coincide with the area of action of a fisheries action group – but the action groups carry out activities that pursue different objectives and the areas of action have been selected on different bases. It is therefore important to let fisheries action groups act as independent organisations in order to ensure the focus of their objectives and a united sector with a high level of intra-sector cooperation. It is also essential that the government does not lose a valuable partner in making and implementing fisheries policy decisions or the experience and knowledge base of fisheries action groups. It is important to complete the structural changes in coastal fisheries, and the activities of action groups have an essential role in this.

[Whether the Member State will apply the possibility to designate a Lead Fund in the context of integrated multi-fund local development strategies](#)

The 'Leader for local development' measure of the Rural Development Plan 2014–2020 will be financed from the EAFRD. The operating costs of a local action group as an organisation and the costs of animation of the local community can represent up to 20% of the public contribution to the local action group. The animation costs will be targeted at facilitating the exchange of information between stakeholders and promoting the strategy, as well as at supporting potential beneficiaries in developing activities and compiling applications.

[Arrangements for preparatory support](#)

Preparatory support will cover capacity-building activities for the action groups that have not implemented the 'Leader' measure during the programming period 2007–2013, as well as support for small pilot projects and for capacity-building, training and networking with a view to the preparation and implementation of the local development strategy. The existing local action groups will be able to use the preparatory support to prepare their strategies.

[3.1.2. Integrated territorial investments](#)

The integrated territorial investment (ITI) mechanism will not be applied, but an integrated approach to the challenges of regional development will be used at the level of urban areas and functional regions¹⁴³. For more information about integrated activities aiming to ensure the sustainable development of urban areas, please see section 3.1.3. In functional regions, an integrated approach will be applied outside the urban areas of Tallinn and Tartu. The principles of integrated territorial development will be applied under the second sub-objective of priority axis 5 'Development of small and medium-sized enterprises

¹⁴³These broadly coincide with counties.

and strengthening the competitiveness of regions' of the Operational Programme¹⁴⁴.

The integrated territorial approach will be applied on the basis of county development plans that set out the regional priorities of the different areas to be developed in each county. Development plans are in place in all counties, but they need to be updated and should pay special attention to the issues of stimulating the economy, employment and regional specialisation. Based on county development plans, action plans to strengthen the competitiveness of the given region will be drawn up. An action plan is a document that specifies, based on the county development plan and local authority development plans, the priority activities to be carried out in the areas of mobility and improvement of the business environment. Action plans must be consistent with the Estonian Regional Development Strategy, the 'Estonia 2020' National Reform Programme and other national (thematic) strategy documents, as well as the activities proposed to be carried out in neighbouring counties. Action plans will be coordinated with the relevant ministries and approved by the Minister of Regional Affairs. Projects will be selected in consideration of action plans.

In addition to the action plans to strengthen the competitiveness of regions, a county-level planning process is being designed which is aimed at regional initiatives to increase employment and entrepreneurial activity and will involve various organisations operating in the county. This planning process and the proposed interventions will aim for consistency and complementarity with the relevant activities specified in Leader strategies.

County development plans will be updated and action plans to strengthen the competitiveness of regions will be drawn up in accordance with the corresponding guidelines.

3.1.3. Sustainable urban development, including principles for identifying urban areas where integrated actions for sustainable urban development are to be implemented

Sustainable urban development is intended to be supported primarily through the 'Sustainable urban development' priority axis (9) of the Operational Programme with a view to meeting the development needs described in section 1.1.3 'Regional development trends and challenges'. Given Estonia's geographical diversity and the need to use resources in a focused way, the 'Sustainable urban development' priority axis will be implemented in urban areas with populations exceeding 50,000. There are five areas that meet this criterion in Estonia: Tallinn, Tartu, Pärnu, Narva and Kohtla-Järve/Jõhvi. In other cities, including their surrounding areas, the population is less than half this size. As sustainable urban development is significantly dependent on cooperation between local authority units in a functional urban area, the strategies of such areas will be drawn up with the participation of other local authority units besides the central city. An urban area is considered to comprise a city as the centre and the densely populated hinterland surrounding the city. When defining the exact scope of an urban area, account will be taken of the area of urban sprawl and areas with a growing population, as well as the extent of intensive daily commuting.

The priority axis will be funded from the ERDF and interventions will be carried out through two complex measures consisting of a variety of activities, one of the measures being targeted at the urban areas of Ida-Viru County and the other at the remaining three larger urban areas. Under the priority axis, funding will be provided for activities that aim to solve major bottlenecks in the development of urban areas. Particular attention will be paid to the development of a sustainable mobility environment with a view to reducing the use of cars and thereby reducing CO₂ emissions. It is also intended to contribute to solving the problem of the shortage of childcare facilities in order to improve employment opportunities for parents and reduce forced mobility within urban areas. In the larger

¹⁴⁴Interventions will be based on investment priority ERDF 8(aa): 'Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to and development of specific natural and cultural resources'.

cities of Ida-Viru County, a contribution will be made to the revival of underused urban districts in order to increase the attractiveness of these cities to businesses and improve the quality of life in city centres. In the construction of infrastructure, green infrastructure solutions will be used where possible.

A prerequisite for using the support is the formulation of strategies aimed at the sustainable development of urban areas which define the key issues and objectives of the sustainable development of each urban area in light of economic, environmental, climate, demographic and social challenges. The strategies will be drawn up with the participation of local authority units within urban areas on the basis of relevant guidelines.

Outside the urban areas of Tallinn and Tartu, importance will also be attached to activities that aim to strengthen the competitiveness of regions (under priority axis 5 of the Operational Programme).

Table 11. Indicative allocation to integrated action for sustainable urban development under the ERDF (EUR)¹⁴⁵

Fund	Indicative allocation to integrated action for sustainable urban development (EUR)	Proportion of the total allocation to the Fund (%)
ERDF	101 063 830	5.4%

Besides the ‘Sustainable urban development’ priority axis, a number of other proposed interventions will contribute to sustainable urban development, incl. to the energy efficiency of apartment buildings and renovation of street lighting systems (priority axis 6 ‘Energy efficiency’ of the OP), to growth-capable entrepreneurship and R&D (priority axis 4 of the OP), to services ensuring equal opportunities for employment (priority axis 2 of the OP) and to a reduction in the negative environmental impact of transport (priority axis 10 ‘Sustainable transport’).

3.1.4. Main priority areas for cooperation, taking account, where appropriate, of macro-regional strategies and sea basin strategies

The EU Strategy for the Baltic Sea Region, updated in 2012, has been one of the strategic bases for programming EU funds for the period 2014–2020, as the ESI Funds constitute a very important source of financing for the priorities of the strategy. Programming was based on both the objectives and sub-objectives of the strategy, as well as the potential of international cooperation for leveraging the results. Links of planned interventions to be supported by the ESI Funds with the objectives of the EU Strategy for the Baltic Sea Region are described below. In the planning (incl. development of terms and conditions), implementation and monitoring of interventions, the targets and indicators of the EU Strategy for the Baltic Sea Region will be taken into account, the relevance of international cooperation will be weighed up and, if necessary, appropriate ways of considering the projects that contribute to the strategy the most when evaluating project proposals will be developed. When selecting the appropriate way(s) of considering the contribution to the EU Strategy for the Baltic Sea Region, the specific characteristics of the given intervention will serve as the basis; for example, the terms and conditions of the intervention could provide for assigning additional points under the selection criteria to projects that contribute to the objectives of the strategy, as well as for the treatment of certain activities as eligible in order to leverage the contribution to the objectives of the strategy. Monitoring reports on the Operational Programmes will address, among other things, the contribution to the implementation of the strategy under priority axes.

‘Save the Sea’ objective of the EU Strategy for Baltic Sea Region

¹⁴⁵ ‘Sustainable urban development’ priority axis of the Operational Programme

The 'Water protection' priority axis will contribute to the strategy's 'Clear water in the sea' sub-objective and aims to provide, with the help of structural funding, water supply and sanitation services meeting the requirements in agglomerations with over 2000 population equivalent to reduce the discharge of poorly treated wastewater into surface and ground water and thereby into the Baltic Sea via outdated sewage treatment plants and pipelines. This will be done under current river basin management plans (the management plans for the period 2010–2015 will be updated by the end of 2015). Surface and ground water is also threatened by anthropogenic residual pollution sites in the land and water environment. Therefore, contaminated areas and drained peat land will be treated to protect the water environment, ensure the viability of ecosystems and reduce air emissions.

The strategy attaches importance to environmentally sustainable shipping, because pollution has a strong and long-lasting effect on the Baltic Sea, given its location, shape, shallowness and slow water exchange rate. In view of the increasing traffic load and high pollution sensitivity of the Baltic Sea as well as the fact that Estonian waters are almost in their entirety characterised by an ecosystem sensitive to oil pollution, Estonia is seeking to increase its contribution to detecting marine pollution and bringing polluters to justice under the 'Green infrastructure and improved preparedness for emergencies' priority axis. Therefore, the capacity to detect and eliminate marine pollution will be enhanced, relying, inter alia, on the investments made in the period 2007–2013, and cooperation with neighbouring countries will be promoted. This will also serve to meet the emergency response requirement of HELCOM and directly contribute to the achievement of the strategy's 'Clean and safe shipping' sub-objective. In addition, a contribution will be made to achieving the HELCOM objective of restoring the populations of salmons. In accordance with the Marine Strategy Framework Directive, an action plan will be developed by the end of 2016, addressing, inter alia, the issue of waste in the sea, and measures will be developed to maintain or achieve a good status of water.

The Rural Development Plan will contribute to the objective through awareness-raising activities, promotion of environmental investment and environmental payments aimed at reducing the environmental impact of agriculture. Attempts will be made to raise environmental awareness with the help of measures involving knowledge transfer and advisory services, as well as training to be conducted within the scope of environmental measures. In the selection of projects seeking agricultural investment support, preference is intended to be given to environmental investments and to farmers who have joined environmental payment schemes. Environmental payments involve both measures promoting environmental planning and measures and activities designed to solve specific environmental problems. Support for collecting marine debris is being considered under coastal and inland fisheries measures of the Operational Programme of the European Maritime and Fisheries Fund. Environmental protection in the Baltic Sea region will also be promoted under the 'Growth-capable entrepreneurship and internationally competitive RD&I' priority axis by encouraging enterprises to employ measures to minimise the risk of environmental damage and supporting activities that increase resource efficiency (incl. energy efficiency) and contribute to reducing the impact on the environment, including by reducing waste generation and air emissions. The 'Sustainable urban development' and 'Energy efficiency' priority axes will also contribute to a reduction in air emissions.

['Connect the Region' objective of the EU Strategy for Baltic Sea Region](#)

Achievement of the strategy's 'Good transport conditions' sub-objective will be supported under the 'Sustainable transport' priority axis, which provides for the improvement of connections via the main roads and railways of the TEN-T network. This will make it possible to serve larger passenger flows, promote structural changes in the transport system (e.g. better linking of train stations with other modes of transport) and increase the share of environmentally friendly modes of transport in mobility. All this will also ensure connections with foreign partners which meet the needs of both enterprises and the population.

In the area of ICT the construction of a new-generation access broadband network will continue to create the prerequisites for tapping the potential of other spheres of economy and life through the development of new and innovative e-services. Investments in new-generation broadband

connections will support productivity growth in both the public and private sectors, creating possibilities for more flexible employment in Estonia and abroad, and increasing opportunities for cooperation with other countries in the Baltic Sea region. In addition, the central components of the services space (fast and secure access to information and data) will be developed in a manner ensuring that they are consistent with technological developments and function both within and across borders. The cross-border interoperability of the base infrastructure and secure data exchange with other (EU) countries will be ensured so that both enterprises and citizens can use electronic services across borders (e.g. digitally signing contracts or securely sharing health records). All of these activities will contribute to the achievement of the strategy's 'Connecting people in the region' sub-objective and help to overcome barriers in the internal market while promoting trade in the Baltic Sea region. Estonia is the coordinator of the 'Removing hindrances to the internal market' policy area of the strategy.

Achievement of the 'Reliable energy markets' sub-objective of the EU Strategy for the Baltic Sea Region will be supported by promoting the use of renewable energy in the housing and transport sectors. Energy savings and the deployment of renewable energy solutions will be increased in apartment buildings and the district heating sector, and the production of biogas will be encouraged to increase the share of alternative fuels (for the latter, funds obtained through the EU ETS are also intended to be used). With a view to improving energy links, it is planned to apply for a contribution of the Connecting Europe Facility to the priority projects of the Baltic Energy Market Interconnection Plan. Support for the construction of Rail Baltic will also be sought from the CEF (see below).

'Increase Prosperity' objective of the EU Strategy for Baltic Sea Region

Achievement of the strategy's 'EUSBSR contributing to the implementation of the Europe 2020 Strategy' and 'Improved global competitiveness of the Baltic Sea Region' sub-objectives will be supported by developing business and making it more resource-efficient, increasing the international competitiveness of RD&I and education, and improving the sustainability of employment.

Structural funds will be used to support the launch of national research and development programmes; the growth sectors of the economy will be determined in accordance with the smart specialisation framework, and these areas will be given priority through coordinated development under research, education and entrepreneurship policy axes. The inclusion of international R&D-intensive activities in business will be enhanced by encouraging domestic and cross-border cooperation of R&D institutions and enterprises. Research infrastructure will be made more open for use by other research institutions, foreign partners and enterprises. Support will be provided for structural changes in R&D institutions and universities to raise the level of, and increase innovation in, higher education and research. To increase the international competitiveness of Estonian R&D, it is intended to participate in pan-European research initiatives. Also, preconditions will be created for synergies between Structural Funds and Horizon 2020 in order to implement and adopt the initiatives of the European Research Area. Continued participation in BONUS programme projects is also planned. In the business sector, enterprises will be encouraged to actively develop innovative products and services in order to accelerate the development of growth sectors, ensure the creation of value-added and increase export volumes. Links with ICT development are described under the 'Connect the Region' objective.

In the employment area, support will be provided for the transition to a new working ability assessment and benefit scheme as well as to a range of active labour market services to prevent and reduce unemployment. Remaining in employment and returning to the labour market will be promoted and the number of days of absence due to sickness will be reduced by promoting accessible and high-quality healthcare services. As the life-cycle of skills has shortened and cross-sector skills have become more important, the approach to learning will be adjusted at all levels of education, ensuring a better match between the workforce and labour market needs.

Within the scope of the strategy's 'Climate change adaptation, risk prevention and management' sub-objective, meteorological and hydrological monitoring, and emergency response and pollution monitoring and elimination capacities will be enhanced to prevent emergency situations brought about by climate change. Based on the fact that forest fires have the greatest impact among emergency

situations on greenhouse gas emissions, it is intended to enhance landscape and forest fire response and rescue capacities to protect the environment and people's assets.

The Rural Development Plan will pay more attention to knowledge transfer, with a focus on cooperation between producers, processors, advisors and researchers, and on the introduction of research results in practice. The European Innovation Partnership will also be used for this purpose. To increase competitiveness, the focus will be on structural changes and resource efficiency. In addition, the Rural Development Plan will contribute to horizontal and vertical cooperation in the food supply chain in order to improve the position of producers in the food chain and increase the value-added generated in agriculture.

The objectives of the EU Strategy for the Baltic Sea Region and the potential for macro-regional and broader cooperation were considered when selecting the objectives whose achievement will be co-financed from the ESI Funds and when determining and selecting the interventions envisaged. Hundreds of partner organisations were involved in this process, including local government associations, environmental organisations and research communities, organisations representing employers and employees and representatives of people with disabilities. The development of interventions (the definition of the specific conditions for granting support in order to achieve the best results) and the monitoring of the implementation of measures will also involve cooperation with partners, considering, among other things, opportunities to expand and multiply the outcomes and impact of interventions through regional and broader cooperation.

Contribution to the achievement of the objectives, goals and indicators of the EU Strategy for the Baltic Sea Region will, among other things, be reflected in the annual monitoring reports on the implementation of the Operational Programmes for the ESI Funds and presented to the monitoring committees. In addition, progress towards the objectives of the EU Strategy for the Baltic Sea Region will be presented at various events and on the website of EU Structural Funds at <http://www.strukturifondid.ee/laanemerestrategia/>.

Besides the measures to be taken with support from the ESI Funds, Estonia intends, within the scope of the strategy's objective of connecting the region, to contribute to the implementation of the Rail Baltica flagship project in cooperation with Finland, Latvia, Lithuania and Poland within the policy area of Improving Internal and External Transport Links. The aim of Rail Baltic is to connect these countries to the rest of Europe through a new standard-width rail connection to be built in order to significantly improve passenger and freight transport services and thus contribute to better integration of the internal market and to the competitiveness of the Baltic Sea region. The Rail Baltic Task Force organising the implementation of the project has coordinated the preparation of a preliminary study on Rail Baltic (completed in 2011) and a study on the establishment of a joint venture (completed in 2013). Thematic planning for the route of Rail Baltic and Strategic Environmental Assessments were initiated in Estonia, Latvia and Lithuania in 2013. The preparation of more detailed design documentation will continue and the construction of the new railway will start in the second half of the programming period with the aim of completing construction in 2024. Besides the funds of the Member States, implementation of the project will be financed from the EU TEN-T programme, and Connecting Europe Facility funding will also be applied for.

When implementing the operational programmes for ESI Funds, it is considered to use the possibility to support activities outside the programme area within the EU in accordance with Article 70(2) of the Common Provision Regulation.

Priority cooperation areas for European territorial cooperation programmes

In the period 2014–2020, Estonia will participate in the following European Territorial Cooperation (ETC) and European Neighbourhood Instrument (ENI) programmes:

- Baltic Sea Region Programme;
- INTERREG Europe programme;
- Central Baltic Programme;
- Estonia – Latvia Programme;
- Estonia – Russia Programme under ENI etc.

Working with other parties to the programmes, efforts will be made to also plan for a contribution to the implementation of the EU Strategy for the Baltic Sea Region. The scope of intervention of transnational and cross-border co-operation programmes towards EUSBSR will differ per programme depending on the chosen priorities but will be planned with an objective to maximise the synergies of other financing sources in the programme area. This is particularly relevant in the preparation, implementation and monitoring of, among others, the Baltic Sea Region Programme and Central Baltic Programme. The programmes are planned to contribute, for example, to the following EUSBSR sub-objectives: Improved global competitiveness of the Baltic Sea region, Good transport conditions; and the following priority areas: Developing innovative education and youth, Becoming a model region for clean shipping, Reinforcing cohesiveness of the macro-region through tourism, Promote entrepreneurship and strengthen the growth of SMEs. Also the programmes are intended to use the Flagship Project status established within the EUSBSR for co-financed projects in order to contribute to the achievement of objectives of the EUSBSR and to achieve good visibility of the co-financed projects.

The main cooperation areas under the ETC and ENI programmes in the period 2014–2020 will be described in more detail in the Operational Programmes of the respective programmes, in compliance with the agreements entered into with the Member States. Since these programmes pertain to several Member States and Russia, each programme area will be viewed as a whole and the most suitable solutions for the whole area will be chosen. Achievement of the ‘Europe 2020’ strategy objectives will be supported by the following Thematic Objectives:

- (1) strengthening research, technological development and innovation;
- (3) enhancing the competitiveness of small and medium-sized enterprises;
- (4) supporting the shift towards a low-carbon economy in all sectors;
- (6) protecting the environment and promoting resource efficiency;
- (7) promoting sustainable transport and removing bottlenecks in key network infrastructure;
- (8) promoting employment and supporting labour mobility;
- (10) investing in education, skills and lifelong learning by developing education and training infrastructure; and
- (11) enhancing institutional capacity and ensuring efficient public administration.

During the preparation of the programmes, ex-ante evaluations will be conducted to ensure that the programmes meet the needs of the regions, taking into account the priorities of the national programmes and finding ways to best implement the additionality principle. We also intend to contribute to the implementation of the EU Strategy for the Baltic Sea Region in cooperation with other partners. The scope of contribution under international and cross-border cooperation programmes varies depending on the priorities. Also, our aim is to achieve synergy with other financing sources in the programme area. This concerns, inter alia, the preparation, implementation and monitoring of the Baltic Sea Region Programme and the Central Baltic Programme. We plan to contribute towards the following sub-objectives of the EU Strategy for the Baltic Sea: “Improved global competitiveness of the Baltic Sea Region” and “Good transport conditions”; and to the following priority areas: “Developing innovative education and youth”, “Becoming a model region for clean shipping”, “Reinforcing cohesiveness of the macro-region through tourism”, “Promoting entrepreneurship and strengthening the growth of SMEs”. We are also planning to obtain the label of EUSBSR flagship project for projects co-financed under the above programmes in order to contribute towards the objectives of the Strategy and achieve greater visibility for projects. This is particularly relevant in the preparation, implementation and monitoring of, among others, the Baltic Sea Region and Central Baltic Programmes.

The ETC and ENI programmes will deal with the challenges discussed in section 1.1 of the Partnership Agreement; the aim of the programmes is to improve the socio-economic environment in these regions through cooperation between and joint activities of the Member States and Russia. The cooperation under the ETC and ENI programmes will make the resolution of common cross-border problems more effective and efficient if there is cross-border cooperation between regions, partners and countries and if the activities within each country are also coordinated. Activities to be carried out under national programmes will also contribute to the objectives of cross-border cooperation.

3.1.5. Where appropriate, an integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at the highest risk of discrimination or social exclusion, with special regard to marginalised communities, people with disabilities, long-term unemployed and young people not in employment, education or training¹⁴⁶

The baseline analysis conducted with a view to drawing up the Estonian Regional Development Strategy 2014–2020 concludes that higher unemployment rates, an insufficiency of jobs providing an adequate income and less diverse or lower-quality services in regions outside of the Tallinn and Tartu urban areas have resulted in a relatively lower quality of life in these regions as well as in population migration to larger urban areas or abroad. According to a study carried out using the methodology of the World Bank,¹⁴⁷ unemployment and relative poverty rates are higher in all regions located further away from Tallinn, especially in Ida-Viru County and in south-east Estonia¹⁴⁸. In Hiiu, Ida-Viru, Valga and Võru counties, the relative poverty rate of all local authority units exceeded the national average (17.6%); however, there were also some local authority units with a high relative poverty rate in Harju and Tartu counties¹⁴⁹. Therefore, it is appropriate to place greater emphasis on activities that are also aimed at the development of business and the labour market in these regions with the help of measures for which structural funds are intended to be used.

Interventions proposed in accordance with the strategies of sustainable development of larger urban areas are discussed in section 4.2, and interventions proposed in accordance with the action plans to strengthen the competitiveness of regions are discussed in section 4.3 of the Operational Programme for Cohesion Policy Funds. When selecting solutions during the preparation and implementation of these plans, account will be taken of regional specificities. In the design and implementation of interventions aimed at the promotion of employment and enterprises' competitiveness and a reduction in unemployment, the specific characteristics and needs of target groups will be considered.

In order to even out the development differences and backwardness of other county centres compared to the urban areas of Tallinn and Tartu, interventions are planned which are aimed at the comprehensive development of the county centres into strong centres that can ensure the existence of jobs, the provision of high-quality services and the availability of jobs and services across the region.

It is important to both create new jobs and increase the value-added of existing jobs. The creation of preconditions for new jobs should primarily rely on the maximum utilisation of the inherent development potential and resources of each region. In addition, the various parties and sectors of regions should engage in cooperation in order to identify the barriers to growth of employment in the region and to plan and carry out activities with the aim of increasing the entrepreneurial activity and employment of the inhabitants of the region.

In order to increase employment, an integrated territorial approach will be applied in all regions outside the urban areas of Tallinn and Tartu, which are less affected by poverty than other regions. Reliance on county development plans implies that the approach will not be uniform in all regions: the challenges and opportunities of a given region will be taken into account when designing interventions. Particular attention will be paid to larger urban areas in Ida-Viru County where interventions are being planned for the revival of underused areas and the development of a sustainable urban environment.

¹⁴⁶To be specified in September following the completion of the poverty map project of the World Bank and Statistics Estonia

¹⁴⁷See http://www.stat.ee/publication-download-pdf?publication_id=34209 pages 91–115.

¹⁴⁸According to Statistics Estonia, the proportion of people living in relative poverty was highest in Ida-Viru, Jõgeva and Valga counties in 2011 (26–29%, compared to the national average of 17.5%). Ida-Viru, Põlva, Valga and Jõgeva counties are among the five counties with the highest unemployment rates in Estonia.

¹⁴⁹Source: Statistics Estonia. The relative poverty map is given in section 1.1.3 of the Partnership Agreement.

The contribution of the EAFRD to the development of rural areas in Ida-Viru County will be mainly used through two RDP measures: 'Investments in the diversification of economic activities in rural areas, towards non-agricultural activities' and 'Leader for local development'. The measure addressing the diversification of economic activities is aimed at the creation of suitable and attractive jobs in rural areas. The 'Leader for local development' measure will contribute to the improved competitiveness of enterprises, the promotion of social inclusion, better utilisation of regional specificities and the introduction of innovative solutions. Opportunities for participation in the labour market are affected by both health and the need to care for relatives. Therefore, in addition to taking labour market measures, it is necessary to improve the availability of health and welfare services in order to alleviate poverty and unemployment in rural areas. Developing welfare services and increasing their availability have the potential to reduce the burden of caring for relatives and to assist caregivers in (entering or) returning to the labour market. As a result of the services, some of those with disabilities will also be able to enter employment or participate in active labour market services. As the availability of health services is deteriorating in rural areas, the Public Health Development Plan provides for the reorganisation of health services and healthcare institutions in the coming years. Multi-level provision of health services is being planned, with health and competence centres to be developed for the purpose of providing first-contact health services. These centres will ensure the availability of appropriate consultation and specialised medical care under cooperation agreements. This is necessary to reduce the forced mobility of the rural population between their homes and larger centres to obtain health services (which would increase the expenses of the inhabitants of remote areas, thus creating fertile ground for poverty).

Interventions should result in sustainable, high-quality and accessible healthcare services, as well as a higher employment rate among people with a burden of care (incl. parents) and of people who have difficulty coping financially.

Table 12. Role and contribution of the ESI Funds

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used	Main types of planned actions which are part of the integrated approach	Operational programme
All regions outside the urban areas of Tallinn and Tartu	Increasing employment	ERDF	<ul style="list-style-type: none"> - Identification of the factors that hinder the growth of employment, and implementation of activities needed to increase the entrepreneurial activity and employment of the population in cooperation with public, private and non-profit sectors - Creating an attractive business environment (developing regional competence centres, developing industrial sites, incubation and developing regional tourism facilities) - Development of local public services that support participation in employment 	Operational Programme for Cohesion Policy Funds
		EAFRD	- Implementation of the measure aimed at the	Rural Development Plan

			diversification of rural development - Application of the CLLD implementation scheme	
Urban areas in Ida-Viru County	Improving the attractiveness of the investment and living environment	ERDF	- Activities aimed at increasing the attractiveness of urban areas for entrepreneurs and residents - Development of a sustainable mobility environment	Operational Programme for Cohesion Policy Funds

Target group/geographical area	Types of planned actions which are part of the integrated approach	Priority axis	Fund	Category of region	Investment priority
All regions outside the urban areas of Tallinn and Tartu	<ol style="list-style-type: none"> 1) Development/further development of regional competence centres 2) Creation of industrial and business sites 3) Modernisation of public support infrastructure (access roads and utility networks) 4) Development of incubation facilities 5) Modernisation of public urban space 6) Investment in public transport and non-motorised traffic roads 7) Development of plans to increase employment 	Development of small and medium-sized enterprises and strengthening the competitiveness of regions	ERDF	Less developed	Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources

	and entrepreneurial activity in regions				
Urban areas in Ida-Viru County	Comprehensive interventions in line with the sustainable development strategies of urban areas within city districts whose revival will stimulate the development of the entire urban area, incl. creation of street networks, demolition of unnecessary buildings etc., thereby creating the prerequisites for carrying out activities under other priority axes	Sustainable urban development	ERDF	Less developed	Providing support for physical, economic and social regeneration of deprived communities in urban and rural areas

3.1.6. Where appropriate, an integrated approach to address the demographic challenges of regions or the specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps

No larger regions suffering from severe and permanent natural or demographic handicaps can be distinguished in Estonia. Difficult or unfavourable natural conditions only affect small islands, accessing which is difficult. A national support programme is being implemented to address the specific problems of small islands. Regional differences in demographic conditions occur mainly between the urban areas of Tallinn and Tartu, on the one hand, and the remaining functional regions of Estonia (especially their peripheries) on the other, and are manifested mainly in the faster decline and ageing of the population and the shrinking of the workforce in regions outside the urban areas of Tallinn and Tartu, especially in the peripheral areas of counties¹⁵⁰. The proposed interventions, which are aimed at the comprehensive development of county centres as strong centres that can ensure high-quality jobs and services across the functional region as a whole and at more efficient deployment of

¹⁵⁰Estonian Regional Development Strategy 2014–2020, Annex 4 ‘Comprehensive baseline analysis for the Estonian Regional Development Strategy’

the workforce of regions, will contribute to adjusting to demographic conditions in the development of these regions.

4. Arrangements to ensure efficient implementation of the Partnership Agreement and Operational Programmes

4.1. Assessment of the existing systems for electronic data exchange and a summary of action planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for the management and control of programmes to be carried out by electronic data exchange

Fully electronic data exchange between Cohesion Policy applicants, beneficiaries and the administration will be possible in 2014-2020 through the eesti.ee state portal. Among other things, the state portal provides citizens, businesses and officials with reliable information, e-services and contact information in a single secure environment. It provides more than 200 e-services and has more than 10,000 visitors each working day.

In addition to exchanging data in connection with Cohesion Policy funds, the portal enables users to:

- use the e-services of various state agencies, e.g. check the validity of driver's licences and the data of personal vehicles, submit applications for family and parental benefits, check personal data in the population register, view their prescriptions for pharmaceuticals and order electronic voter cards;
- use special solutions, e.g. direct the @eesti.ee e-mail address to one's actual e-mail address, create a notebook of links i.e. a personal menu of frequently used links, or digitally sign documents;
- find the necessary information on dealings with the state, e.g. on how to register a child's birth, request documents or start a business; and
- find the necessary information on e.g. the tax system, accounting, registration of employees in the Health Insurance Fund or permits required.

Applicants or beneficiaries will enter the eesti.ee state portal using their personal ID cards, which enable them to be identified in the portal. When the electronic data system for Cohesion Policy funds (hereinafter the Structural Fund information system) is selected in the state portal, the person's representation rights in enterprises and in state and local authorities will also be ascertained through the information system of the Commercial Register and the state register of state and local government agencies. Based on these rights, the person can perform project-related procedures in the Structural Fund information system – submit applications for support, payment claims, applications to amend projects etc. It will also be possible to track the course of proceedings concerning applications at any time.

To apply for support, an applicant will complete an electronic application form in the Structural Fund information system accessed through the state portal, digitally sign it and submit it to the implementing body for review. The implementing body can then correct the application form or return it to the applicant for further correction, adding its comments.

Filling in application forms will be subject to the single-entry principle, i.e. the Structural Fund information system will submit queries to other registers for cross-usage of data. For example, an applicant can retrieve the data of parties to a project from the Commercial Register and the state register of state and local government agencies. The system will also be interfaced with the Public Procurement Register; creating interfaces with other state registers will be considered, where possible.

Payment claims will also be submitted in the Structural Fund information system accessed through the state portal. A beneficiary will enter the data of a payment claim in the information system and submit a digitally signed payment claim to the implementing body. As per the review of applications for

support, the implementing body can correct the data or return the payment claim to the beneficiary for further correction.

Interim and final reports on projects and applications to amend projects will also be submitted in the Structural Fund information system accessed through the state portal.

One of the aims of creating the electronic communication channel between beneficiaries and the authorities managing the Structural Funds is to minimise the amount of paper-based information exchanged between the parties. However, it should be borne in mind that, as paper-based information may also be officially used in Estonia, beneficiaries must have the opportunity to submit the required data on paper.

All project-related procedures will be automatically recorded in the Structural Fund information system, ensuring the existence of an audit trail concerning the data submitted by applicants and beneficiaries. In addition, applicants and beneficiaries will be able to obtain feedback on an ongoing basis and track the following information via the state portal at all times:

- the status of proceedings relating to changes introduced to applications or projects;
- the status of proceedings relating to the certification of expenditure underlying payment claims and advance payments;
- the status of proceedings relating to monitoring reports;
- the status of proceedings relating to irregularities;
- the status of proceedings relating to on-the-spot checks and follow-up activities pertaining to projects;
- the status of proceedings relating to audits and follow-up activities pertaining to projects;
- the status of proceedings relating to financial corrections made with regard to projects.

The administration of implementation of Cohesion Policy funds will also use the Structural Fund information system for the transmission, processing and storage of information about audits, findings, on-the-spot checks, irregularities, recoveries, challenges etc. related to priority axes, measures, project budgets and indicators (incl. target levels).

Hence, in addition to communication with applicants and beneficiaries, the administration can use the information system to monitor progress towards results, by viewing the progress towards the targets of each indicator at the levels of a priority axis, a measure or a project; the progress of taking commitments and making payments, by viewing information on commitments and payments; the scope and results of audits, inspections and on-the-spot checks, by viewing the information on findings and follow-up activities; and the amounts of irregularities and recoveries. In addition, the information system will enable the administration to prepare reports for monitoring purposes and for certification of expenditure. Contribution to the implementation of the EU Strategy for the Baltic Sea Region will be planned in cooperation with other parties of the programmes. The scope of contribution under international and cross-border cooperation programmes varies depending on the priorities. Also, our aim is to achieve synergy with other financing sources in the programme area. This concerns, inter alia, the preparation, implementation and monitoring of the Baltic Sea Region Programme and the Central Baltic Programme. We plan to contribute towards the following sub-objectives of the EU Strategy for the Baltic Sea: “Improved global competitiveness of the Baltic Sea Region” and “Good transport conditions”; and to the following priority areas: “Developing innovative education and youth”, “Becoming a model region for clean shipping”, “Reinforcing cohesiveness of the macro-region through tourism”, “Promoting entrepreneurship and strengthening the growth of SMEs”. We are also planning to obtain the label of EUSBSR flagship project for projects co-financed under the above programmes in order to contribute towards the objectives of the Strategy and achieve greater visibility for projects.

Information system-based data exchange will enhance opportunities for cross-checks when reviewing applications and checking the eligibility of expenditure.

The functions of the Structural Fund information system described above will be operational from the beginning of the programming period. The functionalities that facilitate electronic data exchange with beneficiaries will be gradually introduced until fully implemented by the end of 2015.

The performance of the obligation to collect the data specified in Annex 1 to the ESF Regulation 1304/2013 is ensured by imposing a statutory obligation on beneficiaries to collect such data. The activities of the management authority and intermediate body related to the aggregation, processing and verifying the data are defined in the internal procedure rules. The required data and possibilities to collect such data (including IT solutions and the possibilities provided by the existing data bases) are mapped in order to develop the best solution for data collection, to ensure that the administrative burden on beneficiaries and administration is as low as possible, to use the existing data bases and to ensure the protection of sensitive personal data.

Applicants for support under the European Union's Common Agricultural Policy, beneficiaries and the administration will be able to exchange data electronically in the paying authority's portal (e-PRIA) at www.pria.ee/et/ePRIA. Most of the functions described below were already operational and have been used during the programming period 2007–2013, but from the beginning of the programming period 2014–2020 they will be usable for all measures.

Applicants or beneficiaries enter the e-PRIA portal using their personal ID cards, which enable them to be identified in the portal. The person's representation rights are also ascertained through the information system of the Commercial Register. Based on these rights, the person can perform project-related procedures – submit applications for support, payment claims, applications to amend projects etc.

Payment claims are also submitted through the portal. A beneficiary enters the data of a payment claim in the information system and submits a digitally signed claim. As per the review of applications for support, the paying authority can correct the data or return the payment claim to the beneficiary for further correction.

All project-related procedures are automatically recorded in the information system, ensuring the existence of an audit trail.

The information system used in the programming period 2007–2013 provides minimal electronic feedback to beneficiaries on the status of proceedings, but this will be changed by the beginning of the programming period 2014–2020.

Information system-based data exchange will enhance opportunities for cross-checks when reviewing applications and checking the eligibility of expenditure.

The abovementioned electronic data exchange systems are not applicable to the European Maritime and Fisheries Fund.