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16 May 2019

# Mid-term evaluation of the Operational Programme for Cohesion Policy Funds 2014–2020

## Annexes to the Final Report



# Mid-term evaluation of the Operational Programme for Cohesion Policy Funds 2014–2020

Annexes to the Final Report

16 May 2019

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# Table of contents

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Annex A	Data used for evaluation .....	1
Annex B	Involvement of social partners in the development of measures .....	8
Annex C	Sample of the project selection criteria .....	47
Annex D	Comparison of the selection criteria and their relevance to the projects' efficiency .....	49
Annex E	Comparison of project selection methodologies .....	57
Annex F	The current state of the implementation of the Operational Programme as at 31.12.2018 .....	80
Annex G	Evaluation of the efficiency of the priority axes .....	81
Annex H	Project selection evaluation sheets .....	118
Annex I	A leaflet introducing the results of the evaluation in Estonian and English .....	118
Annex J	Presentation of the evaluation results in Estonian and English .....	118

# Tables

---

Table 1	A more detailed excerpt from the framework documents, and evaluation questions arising from the requirements:.....	37
Table 2	The sample of the activities of the selection criteria.....	47
Table 3	Comparison of the project selection criteria .....	49
Table 4	Summary of the analysis conducted on the basis of a sample of completed projects: comparison between scores and the projects' efficiency .....	51
Table 5	Table of comparison of the selection criteria for activities with open rolling application (SC = selection criteria).....	61
Table 6	Table of comparison of the selection criteria for sound-based application (SC = selection criteria).....	69
Table 7	Table of comparison of the selection criteria in the case of investment plans .....	75
Table 8	Application of the selection criteria in the GSAIBs analysed (IA and IB provided in parentheses) .....	78

# Figures

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Figure 1.	Areas of activity of organisations that participated in the questionnaire-based survey. N = 93 (multiple areas could be selected) .....	13
Figure 2.	Participation of respondents in the preparation of operational programmes. N = 87 (respondents could mark all suitable options) .....	14
Figure 3.	Participation of respondents in the implementation of operational programmes. N = 78 (respondents could mark all suitable options) .....	15
Figure 4.	Satisfaction of partners with involvement in the planning of Structural Funds .....	16
Figure 5.	Satisfaction of partners with involvement in the implementation and monitoring of Structural Funds ..	16
Figure 6.	Partners' assessments of the different aspects of involvement N = 50.....	18

Figure 7. Difficulties experienced by partners during participation. N = 110 (multiple options could be selected)	19
Figure 8. Involvement of partners in the different stages of the 2014–2020 programming cycle for EU funds N = 137 (multiple options could be selected)	20
Figure 9. Involvement channels considered the most efficient by the partners. N = 99 (multiple options could be selected)	23
Figure 10. Partners' assessment of the sufficiency of the resources needed for participating N = 50	29
Figure 11 Status of ERDF and ESF payments under priority axis 1 as at 31.12.2018	81
Figure 12 Achievement of the target milestones of priority axis 1 by measures as at 31.12.2018	82
Figure 13 Status of ERDF and ESF payments under priority axis 2 as at 31.12.2018	85
Figure 14 Achievement level of the target milestone of priority axis 2 by measures as at 31.12.2018	86
Figure 15 Status of ESF payments under priority axis 3 as of 31 December 2018	88
Figure 16 Achievement of the target milestones of priority axis 3 by measures as at 31.12.2018	89
Figure 17 Status of ERDF payments under priority axis 4 as of 31.12.2018	91
Figure 18 Achievement of the target milestone of priority axis 4 by measures as of 31.12.2018	92
Figure 23 Status of CF payments under priority axis 6 as of 31.12.2018	97
Figure 24 Achievement of the target milestones of priority axis 6 by measures as of 31.12.2018	97
Figure 25 Status of cohesion fund payments under priority axis 7 as of 31.12.2018	100
Figure 26 Achievement of the target milestones of priority axis 7 by measures as of 31.12.2018	100
Figure 27 Status of cohesion fund payments under priority axis 8 as of 31.12.2018	102
Figure 28 Implementation of the target milestones of the priority axis 8 by the measures as of 31.12.2018	103
Figure 29 Status of ERDF payments under priority axis 9 as of 31.12.2018	105
Figure 32 Implementation of the target milestones of the priority axis 10 by the measures as of 31.12.2018	108
Figure 33 Implementation of the ERDF target milestones of the priority axis 11 as of 31.12.2018	109
Figure 34 Implementation of the target milestones of the priority axis 11 by the measures as of 31.12.2018	109
Figure 35 Status of ERDF and ESF payments under priority axis 12 as at 31.12.2018	111
Figure 36 Achievement of the target milestones of the priority axis 12 by the measures as of 31.12.2018	112
Figure 37 Status of ERDF and CF payments under priority axes 13 and 14 31.12.2018	116

## Annex A Data used for evaluation

### A.1 Reference materials

Name	Source
Institute of Baltic Studies, Tallinn University Civil Society Research and Development Centre, and Turu-Uuringute AS (2019). Mid-Term Evaluation of Civil Society Development Plan 2015–2020.	Awaiting publication
Statistics for 2019 from Statistics Estonia (employed, employment rate, population forecast).	<a href="http://pub.stat.ee/px-web.2001/Database/Sotsiaalelu/15Tooturg/02Heivatud/02Aastatstatistika/02Aastatstatistika.asp">http://pub.stat.ee/px-web.2001/Database/Sotsiaalelu/15Tooturg/02Heivatud/02Aastatstatistika/02Aastatstatistika.asp</a>
Energiatalgud. Energy consumption.	<a href="https://energiatalgud.ee/index.php/Energiatarbimine">https://energiatalgud.ee/index.php/Energiatarbimine</a>
European Environment Agency (2019).	<a href="https://www.eea.europa.eu/data-and-maps/daviz/energy-consumption-by-end-uses-3">https://www.eea.europa.eu/data-and-maps/daviz/energy-consumption-by-end-uses-3</a>
European Commission (2014), Directorate-General for Employment, Social Affairs and Inclusion. European code of conduct on partnership in the framework of the European structural and investment funds.	<a href="https://publications.europa.eu/en/publication-detail/-/publication/93c4192d-aa07-43f6-b78e-f1d236b54cb8/language-et">https://publications.europa.eu/en/publication-detail/-/publication/93c4192d-aa07-43f6-b78e-f1d236b54cb8/language-et</a>
Official Journal of the European Union (2013), Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013.	<a href="https://eur-lex.europa.eu/legal-content/et/TXT/?uri=celex%3A32013R1303">https://eur-lex.europa.eu/legal-content/et/TXT/?uri=celex%3A32013R1303</a> .
European Commission (2019) European Semester: Country Reports.	<a href="https://ec.europa.eu/info/publications/2019-european-semester-country-reports_en">https://ec.europa.eu/info/publications/2019-european-semester-country-reports_en</a> , in connection with policy axis No. 5.
Statistics for 2019 from Eurostat.	<a href="https://ec.europa.eu/eurostat/web/environment/material-flows-and-resource-productivity/main-tables">https://ec.europa.eu/eurostat/web/environment/material-flows-and-resource-productivity/main-tables</a> <a href="https://ec.europa.eu/eurostat/web/energy/data/database">https://ec.europa.eu/eurostat/web/energy/data/database</a>
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2018 review of the administrative capacity axis and the plan for 2019.	The materials were submitted to the evaluators by a representative of the Government Office.
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Mihkel Härm (1 May 2016). Energy Consumption in Estonia: Effective or Intensive.	<a href="http://www.wec-estonia.ee/documents/q1/energiatarbimine_ee_2016-05-01.pdf">http://www.wec-estonia.ee/documents/q1/energiatarbimine_ee_2016-05-01.pdf</a>
Ministry of Culture. Concept of the recreational activity grants.	<a href="https://www.kul.ee/et/huvitegevuse-toetuse-kontseptsioon">https://www.kul.ee/et/huvitegevuse-toetuse-kontseptsioon</a>
Käger, M., Luring, M., Pertšjonok, A., Kaldur, K., Nahkur, O. (2019). Study of participation in voluntary activity 2018. Institute of Baltic Studies.	<a href="https://www.ibs.ee/wp-content/uploads/Vabatahtlikustegevuses-osalemise-uuring-2018.pdf">https://www.ibs.ee/wp-content/uploads/Vabatahtlikustegevuses-osalemise-uuring-2018.pdf</a> .
Ministry of Rural Affairs. Monitoring committee.	<a href="https://www.agri.ee/et/eesmargid-tegevused/eeesti-maaelu-arengukava-mak-2014-2020/seire-ja">https://www.agri.ee/et/eesmargid-tegevused/eeesti-maaelu-arengukava-mak-2014-2020/seire-ja</a>

	hindamine/seirekomisjon.
Mattson, T. (2017). National Audit Office published eight audits of the role of European Union support in the various areas of the functioning of the state. 6 December. National Audit Office.	<a href="https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/976/amid/557/language/et-EE/Default.aspx">https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/976/amid/557/language/et-EE/Default.aspx</a> .
Statistics for 2018 from OECD (index of manufacturing industry).	<a href="https://stats.oecd.org/Index.aspx?DataSetCode=PDBI_I4">https://stats.oecd.org/Index.aspx?DataSetCode=PDBI_I4</a>
Plan for involvement of partners in the planning of the use of EU funds for 2014–2020.	<a href="https://www.struktuurifondid.ee/sites/default/files/el_2014-2020_kaasamise_kava1_o.pdf">https://www.struktuurifondid.ee/sites/default/files/el_2014-2020_kaasamise_kava1_o.pdf</a>
Praxis Centre for Policy Studies, CPD Development Centre (2013). Ex-ante evaluation of the use of EU funds for 2014–2020.	<a href="https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf">https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf</a>
Ministry of Finance (2014). Partnership Agreement for the Use of European Structural and Investment Funds 2014–2020.	<a href="https://www.struktuurifondid.ee/sites/default/files/pa_ee_20062014_et.pdf">https://www.struktuurifondid.ee/sites/default/files/pa_ee_20062014_et.pdf</a> .
Ministry of Finance (2014). Operational Programme for Cohesion Policy Funds 2014–2020.	<a href="https://www.struktuurifondid.ee/sites/default/files/uhtekuuluvuspoliitika_fondide_rakenduskava_2014-2020_211218.pdf">https://www.struktuurifondid.ee/sites/default/files/uhtekuuluvuspoliitika_fondide_rakenduskava_2014-2020_211218.pdf</a> .
Ministry of Finance. Conditions for granting support for the implementation of activity 12.1.1 'Human resource training and development'.	<a href="https://www.rahendusministeerium.ee/sites/default/files/toetus_andmise_tingimused_tegevuse_12.1.1_inimressursi_koolitus_jaarendamine_elluviimiseks.pdf">https://www.rahendusministeerium.ee/sites/default/files/toetus_andmise_tingimused_tegevuse_12.1.1_inimressursi_koolitus_jaarendamine_elluviimiseks.pdf</a>
Ministry of Finance. Conditions for granting support for the implementation of activity 12.1.2 'Senior managers development' and the annexes thereto.	<a href="https://www.rahendusministeerium.ee/sites/default/files/tart.pdf">https://www.rahendusministeerium.ee/sites/default/files/tart.pdf</a>
Ministry of Finance. Conditions for granting support for the implementation of activity 12.1.3 'Building institutional and organizations' capacities' and the annexes thereof.	<a href="https://www.rahendusministeerium.ee/sites/default/files/org_tart_kk_lisa_1.pdf">https://www.rahendusministeerium.ee/sites/default/files/org_tart_kk_lisa_1.pdf</a>
Conditions for granting support for the 34 activities included in the sample of project selection criteria.	<a href="https://www.struktuurifondid.ee/et/oigusaktid/meetmepohised/2014-2020">https://www.struktuurifondid.ee/et/oigusaktid/meetmepohised/2014-2020</a>
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Government Office. State governance fact sheet from the Estonia 2035 planning process.	<a href="https://www.riigikantselei.ee/sites/default/files/riigikantselei/strateegiaburoo/Eesti2035/9._riigivalitsemine_2019.pdf">https://www.riigikantselei.ee/sites/default/files/riigikantselei/strateegiaburoo/Eesti2035/9._riigivalitsemine_2019.pdf</a> .
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Riives, J. (2015). Industry 4.0 and Its Implications for Estonian Industry and Education. <i>Riigikogu Toimetised</i> 31/2015.	<a href="https://rito.riigikogu.ee/wordpress/wp-content/uploads/2016/02/Jüri-Riives-Tööstus-4-o-ja-selle-mõjud-Eesti-tööstusele-ja-haridusele.pdf">https://rito.riigikogu.ee/wordpress/wp-content/uploads/2016/02/Jüri-Riives-Tööstus-4-o-ja-selle-mõjud-Eesti-tööstusele-ja-haridusele.pdf</a>
Praxis Centre for Policy Studies. Programme for Developing Skills in Policy Making.	<a href="http://www.praxis.ee/tood/politikakujundamise-oskuste-arendamise-programm/">http://www.praxis.ee/tood/politikakujundamise-oskuste-arendamise-programm/</a>
Ministry of the Interior (2015). Estonian Civil Society Development Plan 2015–2020.	<a href="https://www.siseministeerium.ee/sites/default/files/dokumen did/Arengukavad/kodanikuühiskonna_arengukava_2015-2020_o.pdf">https://www.siseministeerium.ee/sites/default/files/dokumen did/Arengukavad/kodanikuühiskonna_arengukava_2015-2020_o.pdf</a> .
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Structural Funds Operational System.	Extracts of the Ministry of Finance with the data of the activities as at 31.12.2018.
Sweco & Spatial Foresight & Nordregio (2016). Implementation of the partnership principle and multi-level governance in 2014–2020 ESI Funds.	<a href="https://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_partner_report_en.pdf">https://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_partner_report_en.pdf</a> .
Tatar, M. (2016). The Impact of the European Union Cohesion Policy on Multilevel Governance in Estonia: Subnational Empowerment and Mobilisation. (Euroopa Liidu ühtekuuluvuspoliitika mõju mitmetasandilisele valitsemisele Eestis: kohaliku omavalitsustasandi võimustamine ja kaasatus poliitikakujundamisse)	<a href="https://digi.lib.ttu.ee/i/?5143">https://digi.lib.ttu.ee/i/?5143</a> .
Tiits, M., Kalvet, T., Mürk, I. (2015). Smart Specialisation in Cohesion Economies, <i>Journal of the Knowledge Economy</i> (2015) 6: 296.	<a href="https://www.researchgate.net/publication/276298568_Smart_Specialisation_in_Cohesion_Economies">https://www.researchgate.net/publication/276298568_Smart_Specialisation_in_Cohesion_Economies</a>

## A.2 Workshops conducted

Purpose of the workshops	To obtain additional input for answering evaluation questions related to relevance; to validate previously collected results. Input was also collected for assessing efficiency, impact, and sustainability.
Target group	Sectoral experts, incl. representatives of ministries, intermediate bodies, and measure target groups.
Time and place	10 January 2019 in Tallinn 15 January 2019 in Tartu 1 March 2019 in Jõhvi
Participants: 37 organisations, 68 experts in total	Alutaguse Rural Municipality Government AS Hoolekandeteenused Institute of Baltic Studies

	<p>Enterprise Estonia</p> <p>Estonian University of Life Sciences, Polli Horticultural Research Centre</p> <p>Estonian Youth Work Centre</p> <p>Estonian Research Council</p> <p>Ministry of Education and Research</p> <p>Ida-Viru Enterprise Centre</p> <p>Ida-Viru County Vocational Education Centre</p> <p>Union of Local Governments of Ida-Viru County</p> <p>Integration Foundation</p> <p>Jõhvi Rural Municipality Government</p> <p>Environmental Investment Centre</p> <p>Ministry of Culture</p> <p>Lääne-Viru College</p> <p>Ministry of Rural Affairs</p> <p>Estonian Road Administration</p> <p>Ministry of Economic Affairs and Communications</p> <p>Narva City Government, Office of Development and Economics</p> <p>Narva Creative Incubator</p> <p>Ministry of Finance</p> <p>Ministry of Finance, Põlva Division</p> <p>Archimedes Foundation</p> <p>Võru County Development Centre</p> <p>Foundation Innove, Educational Innovation Agency</p> <p>Sillamäe City Council</p> <p>Ministry of the Interior</p> <p>Ministry of Social Affairs</p> <p>Tallinn University of Technology</p> <p>Viru College of Tallinn University of Technology</p> <p>Tartu Regional Energy Agency</p> <p>University of Tartu</p> <p>Pärnu College of University of Tartu</p> <p>Technopolis Group Eesti</p> <p>Valga County Vocational Training Centre</p> <p>Office of the Gender Equality and Equal Treatment Commissioner</p> <p>Võru County Vocational Training Centre</p>
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### A.3 Focus groups conducted

During the evaluation, focus groups were conducted with two purposes:

- for the social partners of the Operational Programme to obtain feedback on their involvement;
- for intermediate bodies and implementing agencies to obtain input on the implementation of the Operational Programme.

<b>Purpose of focus groups</b>	To examine the experiences and assessments of involvement of the partner organisations involved in the planning and implementation of EU funds
<b>Target group</b>	Representatives of the partner organisations mentioned in section 12.3 of the Operational Programme for Cohesion Policy Funds 2014–2020
<b>Time and place</b>	14.12.2018, Tartu, office of the Institute of Baltic Studies
<b>Participants</b>	Federation of Estonian Student Unions, Estonian Physical Society, Tartu City Government, Põlva County Development Centre, Estonian Research Council, Development Association of Peipsi Fishery Area, Estonian University of Life Sciences, Association of Estonian School Leaders, Association of Estonian Open Youth Centres
<b>Time and place</b>	18.12.2018 focus group in Tallinn, in the joint building of ministries
<b>Participants</b>	Estonian Non-formal Adult Education Association, Estonian Institute, Harju Economic Development Centre, Network of Estonian Nonprofit Organisations, Estonian Primary Care Association, Estonian Human Rights Centre, Tallinn University of Technology, Union of Local Governments of Ida-Viru County

<b>Purpose of focus groups</b>	To obtain qualitative input on the implementation of the Operational Programme at the activity level
<b>Target group</b>	Officials involved in the implementation of the Operational Programme from intermediate bodies and implementing agencies
<b>Time and place</b>	Five focus groups in Tallinn: Ministry of Education and Research and Ministry of the Interior (incl. Innove and Archimedes), 08.02.2019 Ministry of Economic Affairs and Communications and Ministry of Culture (incl. Enterprise Estonia, Environmental Investment Centre, KredEx, Technical Regulatory Authority, and Information System Authority), 08.02.2019 Ministry of Social Affairs, Ministry of the interior, and Ministry of Culture (incl. Innove, State Shared Service Centre), 13.02.2019 Ministry of Finance and Government Office (incl. State Shared Service Centre), 13.02.2019 Ministry of the Environment (incl. Environmental Investment Centre), 12.02.2019

### A.4 Interviews conducted

<b>Purpose of the interviews</b>	To obtain qualitative input on the planning and implementation of the Operational Programme and involvement of partners
<b>Interviews conducted</b>	

06.12.2018	State Shared Service Centre, adviser (introductory interview on the analysis of the selection criteria)
12.12.2018	Adviser to the State Budget Department (planning of EUCP funds, overall structure and basic principles of the OP. planning of 2020+ period)
18.12.2018	Ministry of Finance, adviser to the State Budget Department and the head of the Foreign Financing Team of the State Budget Department
19.12.2018	ITL Digital Lab, Tallinn University of Technology, expert (PA11)
18.01.2019	Adviser to the State Budget Department (planning of EUCP funds, overall structure and basic principles of the OP. planning of 2020+ period)
12.02.2019	Government Office, head of the Top Civil Service Excellence Centre (measure 12.1)
11.03.2019	Written feedback, Ministry of Economic Affairs and Communications, Department of Development of Information Society Services, adviser (measure 12.3)
14.03.2019	Written feedback, Ministry of Finance, Department of Public Administration and Public Service, head of department (relevance)
15.03.2019	Ministry of Economic Affairs and Communications, Department of State Information Systems, adviser (measure 12.3)
21.03.2019	Adviser to the Strategic Office of the Government Office and adviser to the Department of Public Administration and Public Service of the Ministry of Finance (measures 12.1 and 12.2)
08.03.2019 and 01.04.2019	Written feedback, Ministry of Finance, Department of Regional Policy, adviser to the Regional Service (measure 12.1)
22.03.2019	Written feedback, Ministry of Education and Research, Finance Department, deputy head (PA1 measures)
25.03.2019	Written feedback, Foreign Financing Department of the Ministry of Internal Affairs, adviser (measure 2.7)
05.04.2019	Written feedback, Ministry of Education and Research, Youth Department, chief expert (measure 2.7)
10.04.2019	Written feedback, Ministry of Education and Research, Adult Education Department, programme manager (measure 1.6)
12.04.2019	Written feedback, Ministry of Social Affairs, Department for Supporting Smart Development, head of foreign financing (measure 1.6.4)
12.03.2019	Written feedback, KredEx, grant manager
15.03.2019	Written feedback, Enterprise Estonia, Grant Centre, expert
29.02.2019	Archimedes Foundation, Structural Support Agency (activities 4.1.1, 4.1.2, 4.1.4, 4.2.3)
04.03.2019	Enterprise Estonia, Grant Centre (activities 4.4.1, 4.4.2, 5.1.2)
04.03.2019	Enterprise Estonia, Unit of Grants for Tourism, Creative Industry, and Networks (activity 5.1.8)
04.03.2019	Enterprise Estonia, Unit of Grants for Tourism, Creative Industry, and Networks (activities 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.7)
04.03.2019	Foundation Innove, Grant Agency (activities 1.6.2, 2.2.1 – open calls)

07.03.2019	KredEx, Housing and Energy Efficiency Division (activity 6.1.1)
01.04.2019	EIC, Department of Grants and Services (activities 6.2.1, 6.2.2, 6.2.4, 6.4.1)
01.04.2019	MoEAC, Department of State Information Systems (activity 12.3.1) (written enquiry and telephone interview)
02.04.2019	EIC, Department of Grants and Services (activities 4.3.1, 4.3.4, 4.3.5)
02.04.2019	Ministry of Social Affairs, Department for Supporting Smart Development (activity 2.4.2)
02.04.2019	SSSC, Grant Implementation Department (12.1.2)
03.04.2019	SSSC, Service for the Development of Social Infrastructure, Financial Instruments, and Administrative Capacity (activity 2.5.1)
04.04.2019	SSSC, Business and Visiting Environment Development Service (activities 5.4.2, 5.4.3, 5.4.4)
08.04.2019	EIC, Department of Grants and Services (activities 10.2.1, 8.1.7, 7.1.1)
09.04.2019	Foundation Innove, Grant Agency (activities 1.6.2, 2.2.1, 3.1.2 – GSAIBs)

## Annex B Involvement of social partners in the development of measures

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### B.1 Involvement of social partners

1. Below is an overview of the guidelines for involving partners and the actual involvement practices in the process of the planning and implementation of EU funds for the period 2014–2020. The aim of the evaluation was to examine **to what extent the current form of involvement of social partners and relevant umbrella organisations in the development of measures and monitoring of results has been sufficient and, if it has not been sufficient, then what the expectations and opportunities for improvement are.**
2. In order to answer the evaluation question, we applied a qualitative approach, focusing on understanding and interpreting the expectations and actual participation experience of the partners. The findings were compared with the normative framework for involvement, which consists of relevant European Union and Estonian documents and codes of conduct, as well as principles of good involvement and best practices described in field guides. The evaluation consisted of the following steps (wherein steps 2, 3, and 4 were carried out partially in parallel):
3. **Document analysis.** The aim of the first document analysis stage was to gain an overview of the general EU and national principles, requirements, and guidelines for the involvement of partners. We analysed the following documents:
  - Regulation (EU) No. 1303/2013 of the European Parliament and of the Council (Common Provisions Regulation), in particular Article 5 ('Partnership and multi-level governance')<sup>1</sup>;
  - European code of conduct on partnership in the framework of the European structural and investment funds<sup>2</sup>;
  - Good engagement practices.<sup>3</sup>
4. Based on the documents analysed, we compiled a combined **framework of involvement principles** (see Annex B2), which summarised the main requirements and recommendations for organising different aspects of partner involvement (selection of target groups to be involved, time and channels of involvement, principles for informing partners, etc.). This framework was the main input for the design of the subsequent data collection steps (questionnaire-based survey, personal interviews, focus groups) and an important starting point for analysing the collected data and putting together recommendations.
5. In the second document analysis stage, we investigated how involvement was organised in the use of Structural Funds for 2014–2020 in Estonia, analysing aspects of partner involvement in the following documents related to the implementation of the Structural Funds:
  - Partnership Agreement for the Use of European Structural and Investment Funds 2014–2020, section 1.5.1 ('Partner involvement')<sup>4</sup>.
  - Operational Programme for Cohesion Policy Funds 2014–2020, section 7.2 ('Involvement of relevant partners')<sup>5</sup>.
  - Plan for involvement of partners in the planning of the use of EU funds for 2014–2020.<sup>6</sup>

<sup>1</sup> Official Journal of the European Union (2013). Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013. Available at: <https://eur-lex.europa.eu/legal-content/et/TXT/?uri=celex%3A32013R1303>

<sup>2</sup> European Commission. Directorate-General for Employment, Social Affairs and Inclusion. (2014). European code of conduct on partnership in the framework of the European structural and investment funds. Available at: <https://publications.europa.eu/en/publication-detail/-/publication/93c4192d-aa07-43f6-b78e-f1d236b54cb8/language-et>

<sup>3</sup> Government Office (2014). Good engagement practices. Available at: <https://www.riigikantselei.ee/et/kaasamise-hea-tava>

<sup>4</sup> Ministry of Finance. (2014). Partnership Agreement for the Use of European Structural and Investment Funds 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/pa\\_ee\\_20062014\\_et.pdf](https://www.struktuurifondid.ee/sites/default/files/pa_ee_20062014_et.pdf)

<sup>5</sup> Ministry of Finance (2014). Operational Programme for Cohesion Policy Funds 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/uhtekuuluvuspoliitika\\_fondide\\_rakenduskaava\\_2014-2020\\_211218.pdf](https://www.struktuurifondid.ee/sites/default/files/uhtekuuluvuspoliitika_fondide_rakenduskaava_2014-2020_211218.pdf)

6. In the third analysis stage, we analysed the lists, submitted by the contracting authority, of stakeholders involved in the work of the monitoring committee and the sectoral committees of the Cohesion Policy Operational Programme, as well as publicly available written materials on the work of the monitoring committee and the sectoral committees. As the working documents of the sectoral committees were mostly not available on the web, the analysis mainly covered the minutes of the meetings of the monitoring committee of the Cohesion Policy Operational Programme. We wanted to know which types of organisations and social stakeholders had been involved in the monitoring process and what issues the social partners had raised during the meetings.
7. We also collected additional background information on involvement practices from previous relevant studies, incl. the final report of the ex-ante evaluation of the use of EU funds for 2014–2020 (Praxis Centre for Policy Studies, CPD Development Centre 2013)<sup>7</sup>, Merit Tatar's doctoral thesis *The Impact of the European Union Cohesion Policy in Estonia: Subnational Empowerment and Mobilisation*<sup>8</sup>, and the study *Implementation of the partnership principle and multi-level governance in 2014–2020 ESI Funds* (Sweco & Spatial Foresight & Nordregio 2016) commissioned by the European Commission<sup>9</sup>.
8. **Personal interviews.** In order to clarify how involvement was organised and practiced during the 2014–2020 funding period and to include in the evaluation the views of the Ministry of Finance as the ministry responsible for the use of the Structural Funds, we conducted three semi-structured personal interviews with four advisers to the State Budget Department of the Ministry of Finance: 12.12.2018; 18.12.2018; 18.01.2019.
9. Two of these interviews concerned the general involvement of partners in the planning and implementation of the Structural Funds, and two focused in particular on involvement in the monitoring stage. The interviews lasted 1.5–2 hours.
10. **Questionnaire-based survey.** As a third step, we organised two online questionnaire-based surveys<sup>10</sup> with the aim of studying the experience of and opinions on involvement of, on the one hand, the ministries that organised the involvement processes and, on the other, the partner organisations.
  - The questionnaire-based survey of the ministries took place from 27.12.2018 to 10.01.2019. The invitation to participate was sent to all of the ministries listed as engagers of sectoral partners in section 12.3 of the Operational Programme for Cohesion Policy Funds 2014–2020 ('List of partners involved in the preparation of the Operational Programme'), plus the Government Office as the sectoral committee co-ordinator. The questionnaire was completed by four out of the ten organisations invited. A similar form tailored specifically to the work of the sectoral committees was also sent to the heads of the sectoral committees. The online form was open from 19.02.2019 to 19.03.2019 and eight responses were received.
  - The questionnaire-based survey of partners lasted from 12.12.2018 to 04.01.2019. The invitation to participate was sent to 359 people, wherein the list of recipients was based on the list of partners presented in section 12.3 of the Operational Programme for

<sup>6</sup>Plan for involvement of partners in the planning of the use of EU funds for 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/el\\_2014-2020\\_kaasamise\\_kava1\\_o.pdf](https://www.struktuurifondid.ee/sites/default/files/el_2014-2020_kaasamise_kava1_o.pdf)

<sup>7</sup> Praxis Centre for Policy Studies, CPD Development Centre (2013). Ex-ante evaluation of the use of EU funds for 2014–2020. (2013). Available at: [https://www.struktuurifondid.ee/sites/default/files/20142020\\_perioodi\\_eli\\_vahendite\\_kasutamise\\_eelhindamine.pdf](https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf)

<sup>8</sup> Tatar, M. The Impact of the European Union Cohesion Policy on Multilevel Governance in Estonia: Subnational Empowerment and Mobilisation. (Euroopa Liidu ühtekuuluvuspoliitika mõju mitmetasandilisele valitsemisele Eestis: kohaliku omavalitsustasandi võimustamine ja kaasatus poliitikakujundamisse) (2016). Available at: <https://digi.lib.ttu.ee/i/?5143>

<sup>9</sup> Sweco & Spatial Foresight & Nordregio (2016). Implementation of the partnership principle and multi-level governance in 2014–2020 ESI Funds. Available at: [https://ec.europa.eu/regional\\_policy/sources/policy/how/studies\\_integration/impl\\_partner\\_report\\_en.pdf](https://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_partner_report_en.pdf)

<sup>10</sup> See also Annexes B.2 and B.3

Cohesion Policy Funds 2014–2020 (‘List of partners involved in the preparation of the Operational Programme’) and the list of members of the Cohesion Policy Funds 2014–2020 monitoring committee. The list was also supplemented by lists of sectoral committees.<sup>11</sup> County governments and other organisations that had ceased operations during the implementation period were excluded from the recipients of the invitation. A total of 74 respondents, i.e. 20% of the recipients of the invitation, participated in the survey<sup>12</sup>.

11. **Focus group discussions.** To supplement the answers to the questionnaire-based survey with contextual information and a more detailed view of the various nuances of the involvement, two focus group discussions were organised with the sectoral partners and umbrella organisations:
    - in Tartu on 14 December 2018 (9 participants);
    - in Tallinn on 18 December 2018 (8 participants).
  12. Both focus group discussions were moderated by experts from the Institute of Baltic Studies, the discussions were conducted on the basis of a semi-structured interview plan and lasted two hours. A more detailed summary of the discussions can be found in Annex A3.
  13. **Analysis of collected data.** In the final step in the evaluation, the empirical findings from the questionnaire-based survey, interviews, focus groups, and document analysis were synthesised and compared with the general involvement framework (Annex B2) and previous study results. The data analysis was primarily qualitative; the results of individual questions in the questionnaire-based survey were also quantified to an extent to identify general patterns and trends in respondents' opinions (due to the constraints arising from sample design, however, the results cannot be generalised for statistical purposes). As, in the planning of the 2014–2020 programming period, involvement activities that were implemented before mid-2013 have already been evaluated during the ex-ante evaluation of the programme, this mid-term evaluation focuses more on involvement in the monitoring stage of the programme.
- 1.1.1 *Involvement in the planning and implementation of Structural Funds for the 2014–2020 programming period*
- 1.1.1.1 *General bases and organisation of involvement*
14. Partnerships with different levels of government in the Member States and with relevant stakeholders and communities have been an integral part of the use of the EU Structural and Investment Funds (ESIF) since the 1980s. The framework for the involvement of partners in the current, 2014–2020 programming period is based primarily on Article 5 of the Common Provisions Regulation adopted in 2013 and the supplementary European Code of Conduct on Partnership. These documents set a number of specific requirements and recommendations for involving partners in the context of the planning and use of EU funds, which in Estonia is complemented by a national document on good engagement practices approved by the government in 2011<sup>13</sup>. In brief, the abovementioned documents lay down the following principles<sup>14</sup>:
    - the process of EU funding must involve all relevant stakeholders who may be affected by the measures or who have clearly expressed interests in the areas of intervention;

<sup>11</sup> Lists published online for 2015 were used and compared with the list of partners and the list of the monitoring committee. Updated information on the sectoral committees was received from the Ministry of Finance only after the start of the survey and could no longer be used. At the same time, no major changes in the composition of the sectoral committees were identified based on the lists.

<sup>12</sup> Note: the total number survey respondents was 158, but half-completed questionnaires were not included in the final analysis.

<sup>13</sup> The Good Engagement Practices have been formulated primarily in the context of the national legislative process, so a number of the recommendations on good practices cannot be directly applied to the process of the planning and use of EU funds. However, the general principles underlying the recommendations are also applicable to involvement in the context of EU funds.

<sup>14</sup> A more detailed overview of the requirements and recommendations can be found in Annex B2.

- in the selection of partners, particular attention should be paid to the balanced representation of interests, the diversity of the partners involved, the involvement of partners at risk of discrimination and social exclusion, and the involvement of partners promoting the horizontal principles referred to in Articles 5, 7, and 8 of the Common Provisions Regulation (partnership, sustainable development, equal treatment, non-discrimination, and equality between men and women);
  - stakeholders should be involved throughout the EU funding programming cycle, from the very first stages to monitoring and evaluation;
  - appropriate channels that are accessible to the partners must be created for partner involvement;
  - during the involvement, partners must be provided access to the information needed to participate, they must be given enough time to participate, and participants must be given feedback;
  - measures to increase the institutional capacity of partners should be implemented to support the partnership;
  - evaluations should be carried out to assess partner satisfaction and the efficiency of the involvement.
15. The interviews conducted with the Ministry of Finance revealed that as the European Code of Conduct on Partnership was only published in 2014, by which time the planning of the Structural Funds for the current period had largely already been completed, the Code of Conduct was not helpful to the governmental authorities in organising involvement. Instead, three bases were used for planning the involvement of partners: 1) experience from the previous period; 2) the draft Common Provisions Regulation, which had existed since the end of 2011; 3) the Good Engagement Practices established in Estonia. The officials of the Ministry of Finance responsible for organising the work of the monitoring committee of the Operational Programme for Cohesion Policy Funds had not heard of the European Code of Conduct on Partnership and could not link it directly to the process as a necessary document. The provisions of the Good Engagement Practices were the most commonly used base material.
  16. According to the Ministry of Finance<sup>15</sup>, the Good Engagement Practices only provide a set of fairly general guidelines, and the involvement plan for the 2014–2020 funding period provided for much more than the minimum established by the Good Engagement Practices. This view is also confirmed by the final text of the involvement plan: the Plan for the Involvement of Partners in the Planning of the Use of EU Funds for 2014–2020 (hereinafter ‘the Partner Involvement Plan’) provides a fairly comprehensive overview of the plans for involvement in the different stages of the programming cycle, lists the main target groups to be involved, identifies the parties responsible for the involvement, and gives a rather detailed account of the main channels to be used for the involvement. Although the European Code of Conduct was adopted at a time when the national Partner Involvement Plan was already in place, the Partner Involvement Plan broadly meets the requirements established in the Code of Conduct, thus providing a suitable basis for the involvement of partners.
  17. According to the Partner Involvement Plan, the co-ordination of the planning process and the process of involvement in the planning stage of Cohesion Policy areas was the duty of the **Ministry of Finance. The other ministries** have been responsible for **co-ordinating involvement in their respective areas**, both in the planning and the monitoring stage. As the Ministry of Finance is responsible for monitoring the Operational Programme for Cohesion Policy Funds 2014–2020, it has also co-ordinated the involvement of partners in the monitoring of the Operational Programme as a whole through the monitoring committee of the Operational Programme.
  18. According to the interviews conducted with the Ministry of Finance, a significant innovation in the current programming period was the creation of **sectoral committees** for the stage of

<sup>15</sup> Interview with adviser No. 1 from the State Budget Department of the Ministry of Finance, 12.12.2018.



implementation of the Structural Funds, which did not exist in this form before 2014. To link the use of the Structural Funds more closely to the fulfilment of Estonia's sectoral development objectives, the sectoral committees were tasked with monitoring the implementation of sectoral development plans and the results of the use of Structural Funds in the respective sector. The Structural Assistance Act states that the objective of the sectoral committees is **more effective management of the sector**, but, according to the Ministry of Finance, the creation of the committees was also clearly aimed at **creating a culture of involvement in the ministries**, as, according to the Structural Assistance Act, representatives of the sectoral partner organisations, too, must be involved in the work of the committees.

19. Based on the interviews, the Ministry of Finance has considered its role in the context of involvement to be to monitor that the main national level umbrella organisations<sup>16</sup> listed in the Partner Involvement Plan be involved in the planning stage and that the structures (incl. sectoral committees) provided for in the Structural Assistance Act be created. The Ministry of Finance has also monitored the involvement of the sectoral committees in the development of the conditions for granting support (CGS). However, the interviews conducted with officials from the Ministry of Finance who were more directly involved in the work of the Cohesion Policy monitoring committee suggest that the Ministry of Finance **officials responsible for organising the implementation of foreign funds should be given a better overview of the meeting schedules, activities, and substantive discussions of the sectoral committees**. Ministry of Finance officials<sup>17</sup> confirmed on several occasions that they receive the input necessary for the work of the monitoring committee from the ministry co-ordinating the work of the sectoral committee, but they do not have an overview of how the input is put together. They felt that the sectoral committees and the partners participating in them should be given a greater role in providing input, as there does not appear to be enough co-creation. However, they did find that there were more opportunities for partners to participate in the sectoral committees in the planning stage. According to the Ministry of Finance, it is possible to change the conditions for granting support, and it is regularly done where necessary.
20. **Based on the information received from the Foreign Financing Team, the Ministry of Finance has therefore not centrally and systematically co-ordinated nor monitored the involvement activities of the sectoral ministries**, and, based on the interviews, does not see an urgent need for it. However, the officials involved in monitoring in particular stated that they felt the need to be more involved in the work of the sectoral committees, at least by being included in the mailing lists of the committees. This would give them a chance to get a clearer picture of how the committees work, and, if necessary, to offer to participate in them with a certain regularity in order to stay informed. At the same time, it is not clear to what extent the ministries themselves are lacking central co-ordination and support – among the ministries who responded to the questionnaire there were both those who saw the need for more co-ordination and those who did not consider it necessary at all. Stronger central co-ordination of sectoral committees and greater exchange of information with other committees were supported, for example, by the Ministry of Culture, the Ministry of the Environment, and the Government Office, who thought this should be done primarily through joint meetings and sharing of good practices.

#### 1.1.2 Involved target groups

21. The Common Provisions Regulation and the Code of Conduct on Partnership provide clear guidelines for the selection of partners to be involved. An important general principle is the involvement of all relevant partners who are significantly affected by the implementation of the Structural Funds or who are able to influence it themselves. Specified target groups include local government authorities, incl. those representing major cities and urban areas, educational, research, and training institutions, bodies promoting horizontal principles

<sup>16</sup> See: See: State Shared Service Centre. Monitoring. Available at: <https://www.struktuurifondid.ee/et/seire>. These organisations were: the Estonian Chamber of Commerce and Industry, the Estonian Employers' Confederation, the Estonian Association of SMEs, the Chamber of Estonian Environmental Organisations, the Estonian Trade Union Confederation, the Network of Estonian Nonprofit Organisations, the Association of Estonian Cities, the Association of Estonian Rural Municipalities, the Estonian Chamber of Agriculture and Commerce, the Leader Forum, the Council of Rectors, the Estonian Qualifications Authority, and the Estonian Chamber of Disabled People.

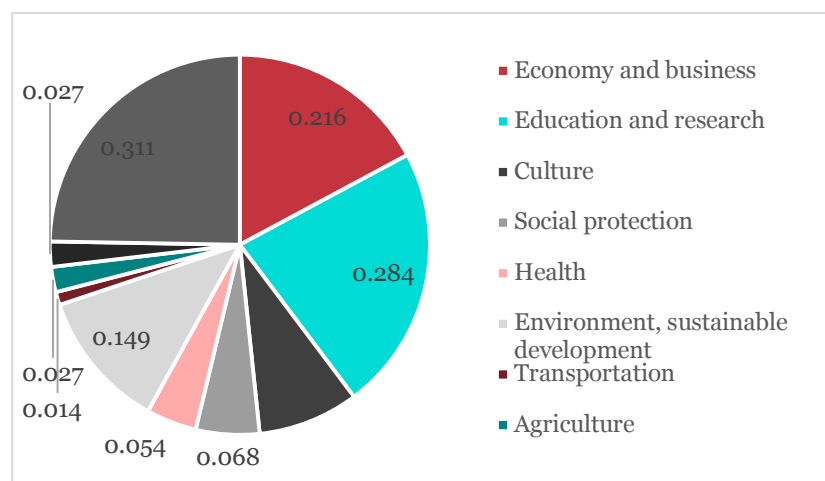
<sup>17</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2019.



(partnership, equal treatment and non-discrimination, sustainable development), sectoral umbrella organisations, representative business organisations, civil society representatives, local initiative groups, and groups at high risk of discrimination and social exclusion.

22. The list of partners mentioned in the Operational Programme for Cohesion Policy Funds, the Partner Involvement Plan, and the list of members of the EUCP monitoring committee is fairly diverse and suggests that in the current period **the involvement of stakeholders has largely been in conformity with EU guidance**. The majority of partners themselves also believe that most important partners have been involved in the process for Structural Funds – this was the opinion of 66% of partners who responded to the questionnaire (24% disagreed and 10% could not take a position).
23. The diversity of organisational types and areas of activity is also evident from the profile of organisations who responded to the questionnaire: it included non-profit organisations, foundations, sectoral interest protection organisations, as well as representatives of the private sector, research institutions, and the public sector. The most widely represented areas of activity among the respondents were education and science, economy and business, the environment and sustainable development, and culture. Other areas represented by the organisations included social protection, health care, local government co-operation, etc. (see Figure 1).

Figure 1. Areas of activity of organisations that participated in the questionnaire-based survey.  $N = 93$  (multiple areas could be selected)



Source: authors

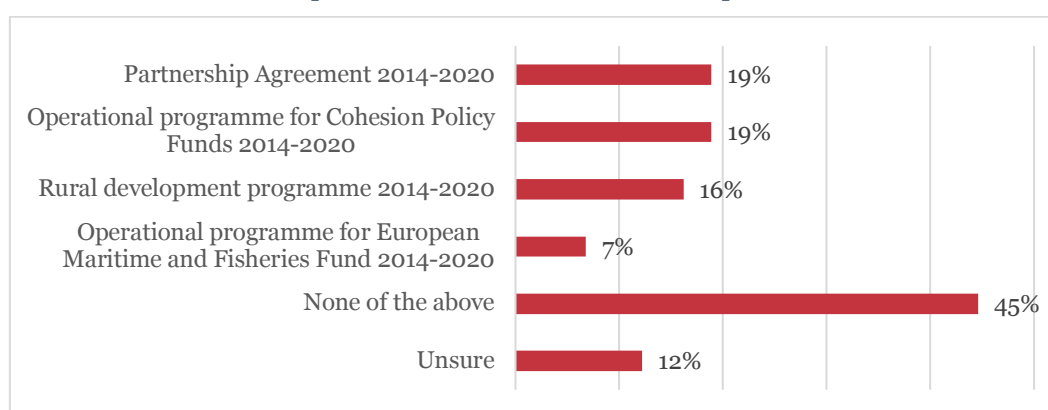
24. **Vulnerable target groups and those at high risk of discrimination or social exclusion** have also been quite well represented among the parties involved. Nearly half of the partners that responded to the questionnaire-based survey work with social groups that are vulnerable to some extent or at risk of social exclusion. The Ministry of Finance, for example, repeatedly mentioned the Estonian Chamber of Disabled People as a very positive example of its major partners among umbrella organisations. Due to the nature of the sector, in the sectoral committees, the most vulnerable target groups are most widely represented in the steering committee of the development plan for social security, inclusion, and equal opportunities ('the Welfare Development Plan'), which includes representative organisations of disabled people, the elderly, and sexual minorities, child protection and social work agencies, as well as partners engaged in promoting human rights more broadly.
25. In the selection of partners, the Ministry of Finance, as the co-ordinator of the Operational Programme for Cohesion Policy Funds, considered the representation of social partners and the involvement of various sectors through umbrella organisations to be of the utmost importance.<sup>18</sup> The monitoring committee does not see the need to add anyone to the included

<sup>18</sup> Interview with adviser No. 1 from the State Budget Department of the Ministry of Finance, 12.12.2018.

umbrella organisations. Rather, it was seen as a place where umbrella organisations can receive information about the use of the funds, which they should then relay to their members. Organisations that wish to join the monitoring committee must do it through an umbrella organisation.<sup>19</sup> Officials admitted that **there has been no substantial involvement in the monitoring committee so far. In the interviews and focus groups, it was pointed out that the reason for this is also the central format of the presentations (which the Ministry of Finance has already tried to make more discussion-oriented, see below)**, which is why the role of sectoral committees should be more important with regard to involvement.

26. According to the ministries that answered the survey, the organisations to be involved were primarily selected on the basis of the target groups of the measures, but also included sectoral experts and state agencies involved in the implementation of the measures. In some cases, the ministries focused on different types of organisations in the different stages of the programming cycle: according to one ministry, the organisations involved in preparing the Operational Programme were primarily umbrella organisations, while those involved in the planning of measures and implementation schemes also included smaller organisations. **The lists of members of sectoral committees through which partners are involved in the monitoring stage clearly show a preference for larger umbrella organisations as partners.**
27. One opinion expressed in the online survey of partners was that the choice of the partners to be involved should be based on a wider range of organisations that are directly or indirectly affected by the allocation of Structural Funds to an area and whose knowledge and experience could help reach better decisions. As an example, the need to involve more architects and cultural heritage experts in public infrastructure projects was emphasised.
28. However, there is the separate issue of **organisations' access to involvement processes and awareness of opportunities to participate**. The questionnaire-based survey revealed that many organisations listed as partners to be involved in the Operational Programme for Cohesion Policy Funds had not actually participated or were not aware of their involvement in the preparation of the operational programmes. The focus groups revealed the same thing for some organisations. Thus, although almost all of the organisations that received the invitation to participate in the survey were listed in section 12.3 of the Operational Programme for Cohesion Policy Funds as partners involved in the preparation of the Operational Programme, Figure 2 shows that 45% of the respondents did not believe that they were involved in the *preparation* of any operational programme related to the Structural and Investment Funds.<sup>20</sup>

*Figure 2. Participation of respondents in the preparation of operational programmes. N = 87 (respondents could mark all suitable options)*



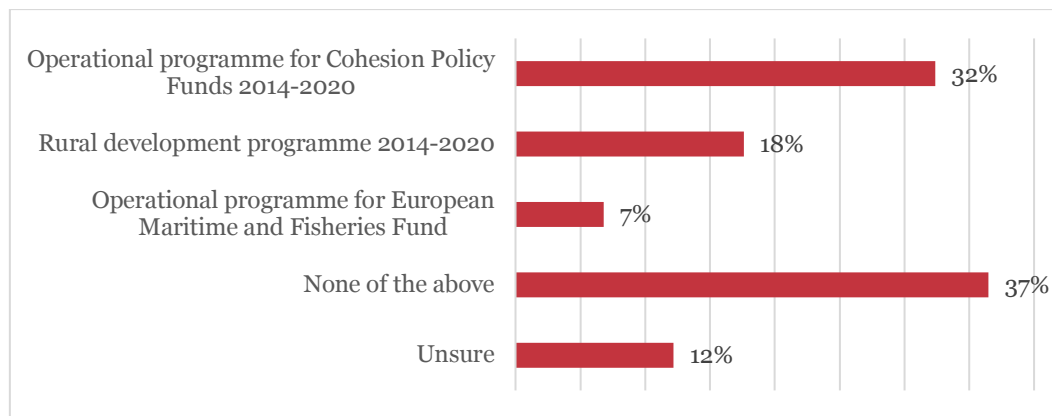
Source: authors

<sup>19</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2019.

<sup>20</sup> At the same time, the questionnaire was only sent to organisations that were listed in the Operational Programme as involved organisations. However, the answer 'Not involved' could also be due to the fact that the person that responded to the survey was not aware of the organisation's past activities or could not link the participation activities with the specific operational programmes.

29. Those who reported of having participated in the *implementation* of the operational programmes, however, were more numerous (see Figure 3).

Figure 3. Participation of respondents in the implementation of operational programmes. N = 78 (respondents could mark all suitable options)



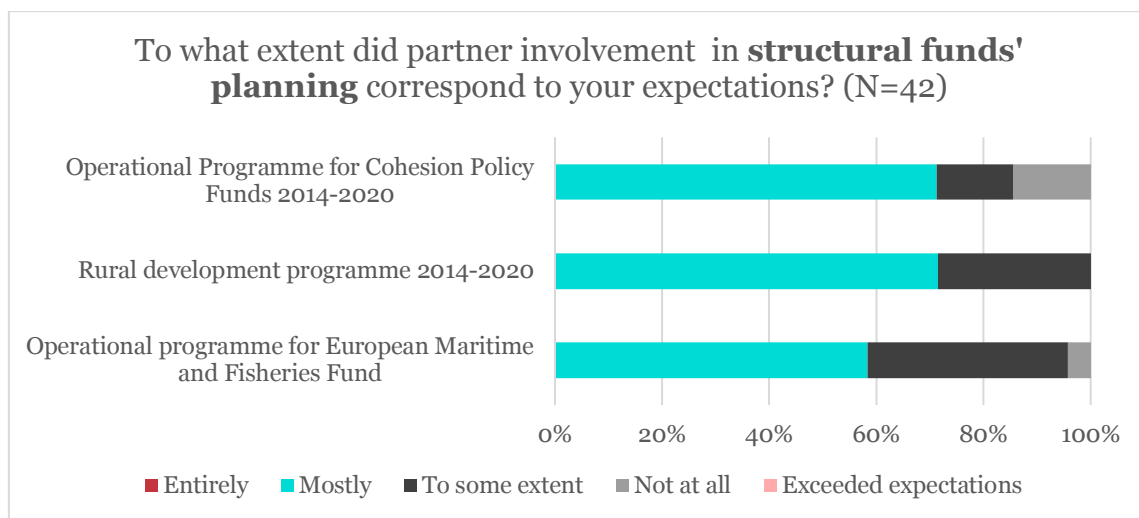
Source: authors

30. Most (82%) of the partners who participated in the preparation or implementation of operational programmes had been **invited by a ministry**. According to the ministries, however, the possibility to participate was also open to organisations not invited by the ministries themselves – the wish to participate could be expressed, for example, by e-mail, at information events, at measure presentations, as well as via the development plan's steering group, ministry websites, and, in more exceptional cases, public competitions (for example, the Ministry of Internal Affairs found the partners for implementing activities 2.7.2 and 2.7.3 through a public competition). According to the ministries, expressions of the wish to participate were indeed received and most of those who had expressed the wish were also given the opportunity to participate in the process. The selection was primarily based on the expertise of the parties wishing to participate, the expected contribution, and the willingness to contribute in a meaningful way. Several sectoral committee representatives also mentioned the link with the area and the attempt to involve all major target groups. At the same time, the questionnaire-based survey of partners revealed that nearly half of the organisations that had not participated in the preparation or implementation of the operational programmes were not aware that they had had the opportunity to participate in the process. Lack of awareness can be seen as a problem, as most non-participants said that they would have wanted to participate in the process.

#### 1.1.3 Partners' expectations and opinions regarding the involvement process

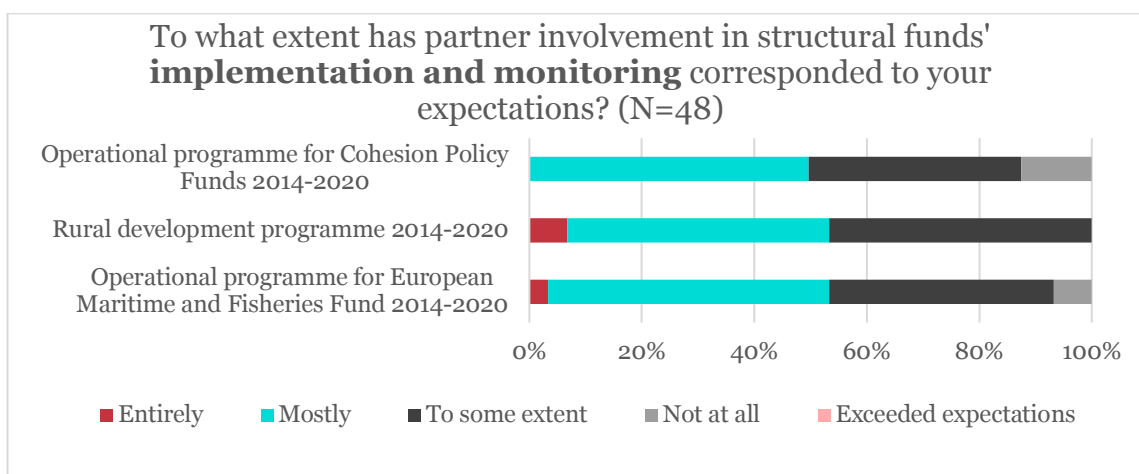
31. Despite the comprehensiveness of the involvement framework and plan, **partners were only moderately satisfied with the actual practice of involvement** – only a few respondents said that the involvement had met their expectations 'completely'. A large number of respondents said that the involvement process met their expectations 'mostly' or 'to some extent'. There were also some who were not satisfied with the involvement at all (see Figure 4 and Figure 5). Opinions concerning the planning stage were slightly more positive.

Figure 4. Satisfaction of partners with involvement in the planning of Structural Funds



Source: authors

Figure 5. Satisfaction of partners with involvement in the implementation and monitoring of Structural Funds



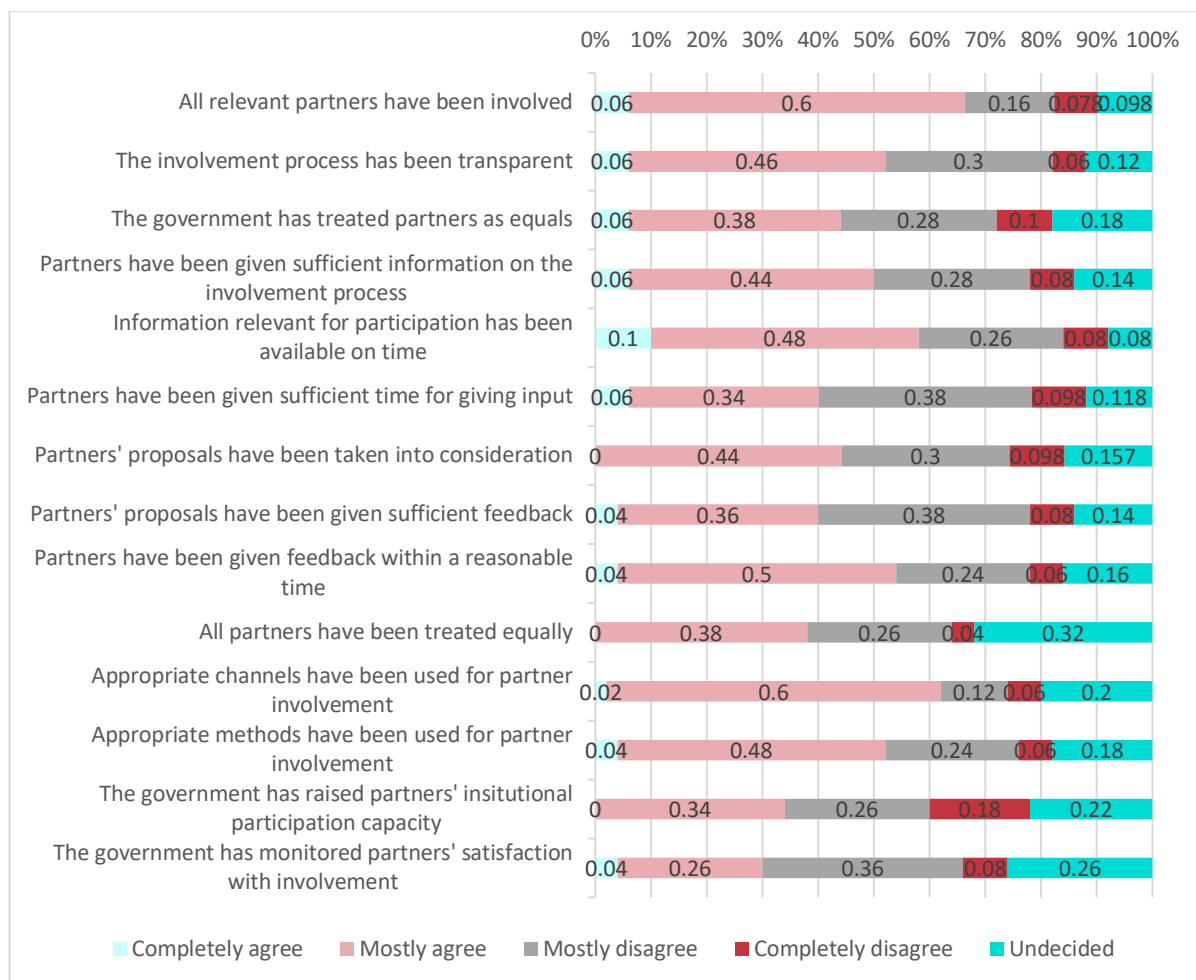
Source: authors

32. In the focus groups, somewhat more critical views were expressed: the participants admitted that there seems to have been a lot of involvement and many opportunities for participation in the planning and implementation of EU funds, but they were often unsatisfied with the *actual* process of involvement. The main expectations of the partners regarding involvement can be summarised as follows:

- the starting point for involvement should be an **actual desire of the parties organising the involvement to gain input** and feedback from partners, rather than formal compliance with involvement requirements;
- involvement should be a **long-term, continuous, and consistent** process lasting throughout the planning and use of EU funds;
- state authorities are expected to take the **initiative** in inviting partners to participate;
- involvement should start with **agreeing on the objectives and common values** for the involvement;

- partners consider it particularly important to be able to participate in the **early stages of the planning process**, where they see the greatest possibility to impact decisions;
  - partners wish to have more opportunities to provide input during **discussion meetings and sharing of ideas** and less of simply commenting on documents;
  - the co-ordinating authorities are expected to keep an eye on the ‘big picture’ and to explain to the participants **the role of the discussions held during the various involvement sessions in the EU funding process as a whole**;
  - partners wish for greater **co-ordination** of involvement activities in **different areas and stages**;
  - partners consider **feedback** to their proposals and substantive justification for considering or ignoring the proposals very important;
  - partners expect involvement to be based on **the needs of the involved parties** and wish for access to decision-making processes to also be provided to smaller organisations and those operating outside of larger cities.
33. The main concerns of the partners are the **illusion** of involvement, the **low impact** of participation on decision-making, the **ignoring of suggestions made by partners without giving explanations**, the **inconsistency** of involvement, and the organisation of involvement processes based on what is convenient and familiar to the agencies rather than the **needs and opportunities of the partners**. It should be noted that, according to the partners, most of the problems are not just about involvement in the use of EU funds, but characterise the general involvement practice of the state – thus, the solutions should mostly be designed at the level of the state’s involvement policy as a whole, rather than strictly within the framework of EU funds.
34. Looking at the partners’ assessments of the involvement process per the above involvement requirements and recommendations, some differences are revealed. Based on the questionnaire-based survey (see Figure 6), the partners are mostly satisfied with the selection of involvement channels and the involvement of all major partners, somewhat satisfied with the involvement methods, and most partners are also of the opinion that the partners have been given the necessary information in due time and feedback within a reasonable time. These aspects were also emphasised by all interviewed officials from the Ministry of Finance, and the written replies from other ministries indicated the same. Ratings of the *sufficiency* of the feedback given, the development of partners’ capabilities, and the investigation of the satisfaction of partners, however, are lower. Opinions on the extent to which the input of partners has been taken into account are divided. There are slightly more of those who find that partners have not been given enough time to provide input.

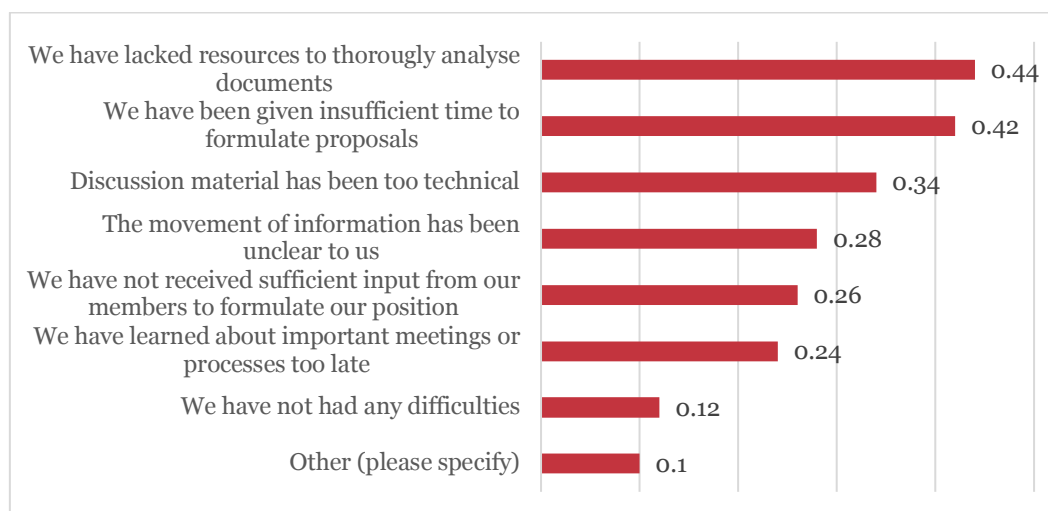
Figure 6. Partners' assessments of the different aspects of involvement N = 50



Source: authors

35. The ministries that responded to the questionnaire believe that they have always or almost always complied with the requirements arising from the EU regulation and the guidelines for involvement, involving all relevant partners, sharing information, explaining why their input is collected, giving enough time to make proposals, giving feedback to proposals, treating partners equally, and considering the needs and opportunities of the partners in the selection of the involvement channels. However, **most of the ministries among the respondents had not investigated how satisfied the partners were with the involvement**. At the same time Figure 6 shows that partners believe that it is still done to some extent (26% somewhat agree that they have been asked for feedback on satisfaction with the involvement). According to the Ministry of Finance, this role is fulfilled by the mid-term evaluation.
36. In order to understand the main problems with the involvement, the partners were asked to list up to three main difficulties they encountered during their participation. **Lack of resources and time and the complexity of the discussion material were highlighted the most** (see Figure 7). Difficulties related to the movement of information and the involvement of partners' own members were also noted. In addition, several partners identified the illusion of involvement as an issue, and a few mentioned the change of people and the lack of co-ordination between ministries.

Figure 7. Difficulties experienced by partners during participation. N = 110 (multiple options could be selected)



Source: authors

37. The ministries, in turn, found the main challenges to be the **unclear expectations** of both the involving parties and the involved parties: *'Lack of a clear understanding of what we expect from the involvement and what the involved parties can expect from us.'* Other that were mentioned included **finding proactive partners who see the big picture, the issue of the legitimacy of the partners themselves (do not represent the entire target group), their lack of time for participation, and difficulties in synthesising different opinions.**
38. Next, we will explore the different aspects of the involvement process and the bottlenecks identified during the evaluation in more detail.

#### 1.1.3.1 Involvement of partners in different stages of the programming cycle

39. As per the requirements of the European Commission's regulation and the code of conduct on involvement, partners have been involved in all stages of the programme during the 2014–2020 programming period for EU funds. According to the officials from the Ministry of Finance, the involvement of partners was particularly extensive in the planning stage of the Operational Programme, and co-operation with partners in this stage was described as a very positive experience in the interviews<sup>21</sup>.
40. According to the ministries who responded to the questionnaire, everyone has involved partners in the development of support programmes and measures, and most also in the monitoring and evaluation of the implementation of the Structural Funds. Both the interviews and online surveys revealed **the importance of involvement and participation in the stage of the development of support measures.** According to the Ministry of Finance, the input of partners has clearly been more important in the measure development stage than the monitoring stage, because with monitoring changes are made within the ministry rather than at committee meetings<sup>22</sup>. The ministries that participated in the questionnaire-based survey saw the most opportunities for taking the partners' proposals into account in the designing of the measures. Many emphasised the importance of the active participation of the partners in this stage, as this is where the requirements for applicants can be influenced to ensure that the conditions for granting support are suitable for the applicants in the future:

<sup>21</sup> Interviews with adviser No. 1 from the State Budget Department of the Ministry of Finance, 12.12.2018 and adviser No. 4 from the State Budget Department of the Ministry of Finance, 18.01.2019.

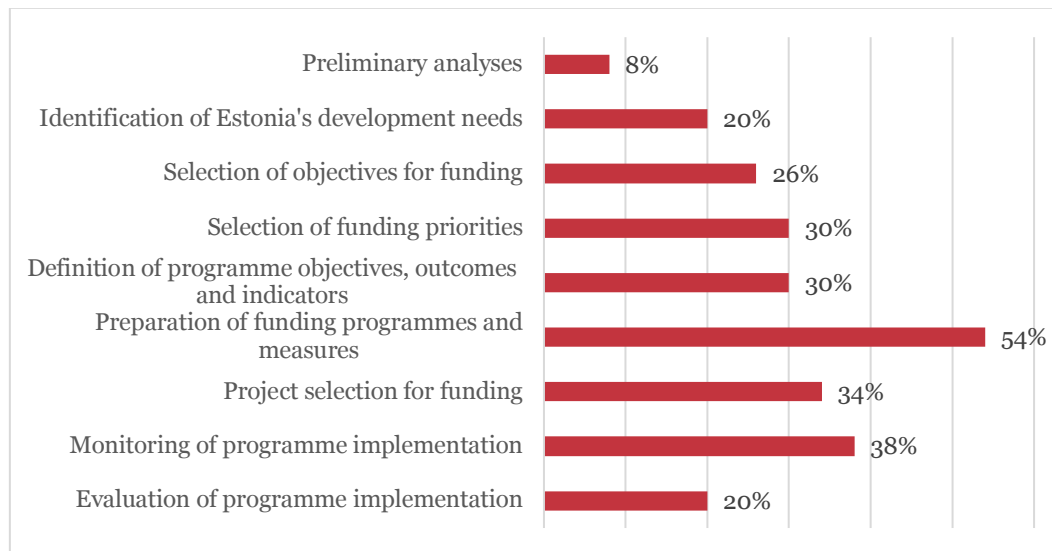
<sup>22</sup> Interview with adviser No. 4 from the State Budget Department of the Ministry of Finance, 18.01.2019.



*'If partners are not active and do not offer solutions during the development of the conditions of the measures, it is difficult to put together conditions which enable interested parties to apply, resulting in a small number of applicants.'*

41. The questionnaire-based survey of partners confirms this: the majority, i.e. more than half of the respondents have been involved in the development of support measures. This is followed by participation in monitoring, selection of supported projects, and setting of priorities and objectives to be funded in the planning stage (see Figure 8).

Figure 8. Involvement of partners in the different stages of the 2014–2020 programming cycle for EU funds N = 137 (multiple options could be selected)



Source: authors

42. The responses to the online survey of partners show that partners' opinions of involvement in the planning stage do not differ significantly from those of the monitoring stage – **in all stages, the partners' main criticism concerns the limited impact of partners' input on the final decisions (see section 2.4.4.6 for a more detailed overview).** The ministries' responses to the survey also confirmed that the partners have had the opportunity, both in the planning stage and the implementation stage, to receive information, ask questions, comment on the materials submitted for feedback, and provide input on their own initiative.
43. The focus groups showed that involvement in setting goals and developing funding measures was considered to be significantly better than in the later implementation stage. In both focus groups, it was felt that there were several areas where **involvement began with vigour, but then died down unexpectedly, and partner involvement was not completed consistently.** The organisations involved in monitoring find that there are significantly fewer opportunities to provide input in the stage of the implementation of the Structural Funds, and that the monitoring committee and sectoral committees of the Operational Programme for Cohesion Policy Funds act more as an information channel than an involvement channel:

*'There is often a process of ironing out of problems there, as so many different parties are involved – they listen to you, appear to record everything properly, and tell you that from now on we will do things better /.../ Then, at the next meeting, it turns out that many problems have not actually changed at all, so we start to iron them out again /.../ It is a sort of nice place of consolation...'*

44. As the main criticism about the monitoring process concerns the working format of the monitoring committee and sectoral committees, the problems related to the monitoring stage are discussed further below (see section 1.1.3.4). However, both the partners that participated in the survey and the focus groups unanimously wanted for the **authorities co-ordinating the**



involvement to give the partners a clearer signal about the constraints of each involvement stage and the ability of partners to influence decisions at that stage:

*‘Involvement organisers fail to make sufficiently clear to the involved parties which stages they expect real input in and which stages are for making political decisions that are simply made known to the involved parties.’*

*‘Those who are involved should be given a better understanding of the previous steps and the background – they are involved in some stage for doing something without knowing what they can change, what they cannot, and why exactly they are involved. The overall provision of information could be better.’*

*‘If there is already a framework in place, it should be said right away that these are the limits and this is why.’*

#### 1.1.3.2 Accessibility and sufficiency of information

45. According to the European Code of Conduct on Partnership, the information needed to consult with partners must be made available in a timely manner and must be easily accessible. There is no consensus among the partners on the actual accessibility and sufficiency of the information needed to participate. Figure 6 (above) shows that the organisations that responded to the questionnaire-based survey were slightly more satisfied with the timely availability of information and less with the sufficiency of the information available, but there were also those who were critical of both aspects. In the focus group discussions, it was further highlighted that information about the whole process should be easily accessible online, regardless of the channel where the information is published. It was also expected that the minutes of any discussion committees would be publicly available online – at present this is not always the case. While the materials related to the work of the monitoring committee are generally well-aggregated, information on the organisation of work of the sectoral committees and related materials are not available online. According to the representatives of the sectoral committees that responded to the questionnaire-based survey, the need for this has not been felt to date – rather the emphasis has been on publishing information on the conditions for granting support and the calls for proposals. However, the Government Office, for example, plans to publish information on the work of the Sectoral Committee on Administrative Capacity online, as there has been interest in this lately.
46. The main deficiency highlighted in the focus groups was a **lack of information regarding the ‘big picture’ and the process of the planning and implementation of EU funds as a whole**. It was found that the partners’ awareness of the process is limited to the individual stages in which they have been involved as partners, but they have received no information on which activities precede one or another involvement activity and which involvement activities are ahead. This knowledge is considered essential for providing meaningful input and setting realistic expectations for the involvement process. The problem of access to information also seems to vary between areas – participants in the focus groups were the most critical about the area of education, where they said that information sharing has declined in recent years. At the same time, in one interview with officials from the Ministry of Finance, involvement in the area of education was named as a positive example.<sup>23</sup>
47. **The practice of the ministries in planning involvement and communicating their plans has been inconsistent**. Out of the four ministries that responded to the questionnaire-based survey, one confirmed that the ministry prepared a plan for involving partners, but did not make it publicly available. Others either had not prepared the involvement plan or were not aware whether it had been prepared. However, the partners that participated in the focus groups considered an agreed involvement plan an important instrument for maintaining the continuity of involvement, which helps ensure that the involvement does not decline even if specific persons are replaced. In the focus groups, it became clear that personnel changes and lack of co-ordination in the ministries are one of the greatest obstacles to the proper functioning of involvement (see also section 1.1.3.3). At the same time, the partners do not consider the publication of information on involvement online to be sufficient in itself – the

<sup>23</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

ministries are also expected to take the initiative in informing partners and inviting them to participate.

48. The lack of clarity about the 'big picture' and the low awareness of partners about the processes related to and ties between the various EU funds were already highlighted in the ex-ante evaluation of the implementation of Structural Funds. **The situation has not changed significantly at the time of the mid-term evaluation** – during the focus group discussions, it became clear that several organisations could not associate their participation in the steering committees of sectoral development plans or in the project selection committee of a specific measure with the process of implementation and monitoring of EU funds. Therefore, the recommendation given in the ex-ante evaluation to clarify the links between sectoral development plans, partnership agreements, and the Operational Programme to (potential) partners remains relevant.

#### 1.1.3.3 Co-operation and co-ordination

49. In the focus groups held with the partners, one problem that was highlighted was the functioning of the ministries as 'silos' and lack of co-ordination between different areas. 'Modest co-operation' between ministries was also highlighted by the partners that participated in the questionnaire-based survey. The partners wish for the ministries to co-operate significantly more in setting strategic goals for the areas, developing measures, and involvement. Co-operation and co-ordination would help reach shared priorities, instead of creating intense competition for limited resources. Currently, the partners say, the 'big picture' is not considered and everyone is fighting for their own resources. The partners recalled that *'for the most part, there was a great inter-house battle for money in planning, the stakeholders were left behind'*. Similar experiences were also reflected in the ex-ante evaluation report on the use of the Structural Funds.<sup>24</sup> Because there is no one to set out the big picture, the priorities cannot be agreed, leading to a fragmentation of resources: *'When a hundred people start yelling, each of them are doled a few crumbs.'* Here, however, the participants themselves were considered responsible too, who, according to the partners, should also think more about the bigger picture instead of just fighting over money.
50. The lack of co-ordination mechanisms is, according to the participants, a separate issue in regional administration, where all areas use different systems. Meanwhile, the recently launched co-operation in civil society and integration planning, where the objectives and target groups are largely similar, was mentioned as a positive development.

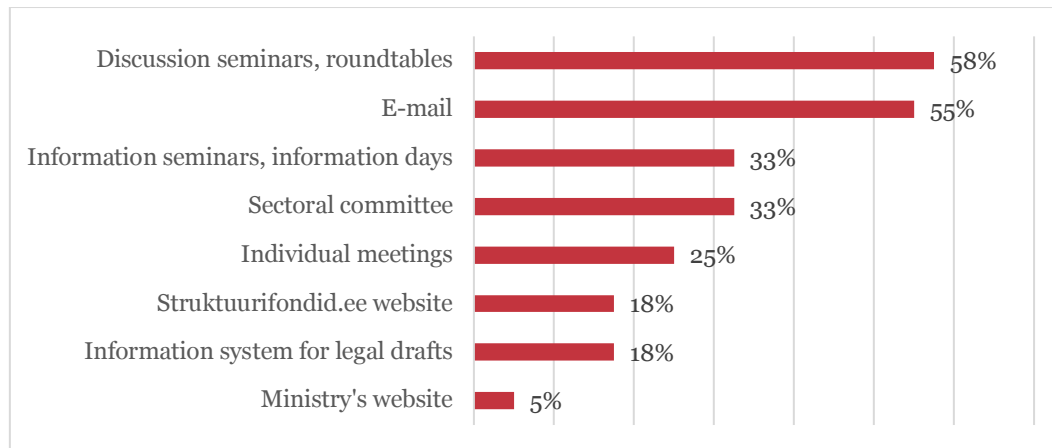
#### 1.1.3.4 Involvement channels and formats

51. According to the ministries that responded to the questionnaire-based survey, the main channels used for involvement were e-mail, the authority's website, information and discussion seminars, the work of the sectoral committees, individual meetings, and the Draft Information System (*Eelnõude infosüsteem* – EIS). Some have also shared information via the website [struktuurifondid.ee](http://struktuurifondid.ee) and the participation portal [osale.ee](http://osale.ee). **Discussion seminars and information events** were considered the most efficient involvement channels, although it was pointed out that the success of discussion seminars depends on partners' proposals being specific and well considered. Two ministries considered **commenting on documents** a good method for involvement, explaining that this allows them to get the most concrete input from partners. The Ministry of the Interior emphasised its positive experience with an implementing partner who was found through a public competition, stating that *'... a partner who is participating in a competition, where more specific objectives have generally already been established, has had the chance to think about how and to what extent they want to contribute.'* The leaders of the sectoral committees unanimously concluded that simply sending out an e-mail is not enough for the efficient involvement of partners in the work of the sectoral committee – most also considered it necessary to organise meetings and discussions.

<sup>24</sup> Praxis Centre for Policy Studies, CPD Development Centre (2013). Ex-ante evaluation of the use of EU funds for 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/20142020\\_perioodi\\_eli\\_vahendite\\_kasutamise\\_eelhindamine.pdf](https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf)

52. According to the questionnaire-based survey, the partners' opportunities for providing meaningful input have been greatest at **discussion seminars and roundtables**, as well as in e-mail discussions (see Figure 9). Information seminars and the work of the sectoral committee were also considered to be relatively important, while different online environments were rated the lowest.

Figure 9. Involvement channels considered the most efficient by the partners. N = 99 (multiple options could be selected)



Source: authors

53. In focus group discussions, existing online channels were seen primarily as channels for informing, not for contributing. **The Draft Information System (EIS) is not seen as an involvement channel, rather it is considered an inconvenient and dated document register that is difficult to use.** This contrasts with the view of the Ministry of Finance, which sees the EIS as an important channel for involvement, through which proposals can be submitted – they believe that problem is rather that this option is not used.<sup>25</sup> Meanwhile, the partners believe<sup>26</sup> that in addition to its technical complexity, the EIS also does not allow for meaningful involvement, as the documents in the system are already in the final stage and it is not clear what the benefits of commenting on them are for the partners. The partners who participated in the focus groups had no positive experiences with the EIS.
54. In the focus groups, the partners emphasised in particular **the value of face-to-face meetings and discussions**, where issues can be discussed in a meaningful way and differences can be settled:

*'Involvement works well when people are given the opportunity – are given a time and place to talk about a specific issue and their expectations /... / I like to communicate with people first, instead of starting by reading long letters.'*

*'If the meetings are conducted well, they are useful in multiple ways – we hear each other, some opinions are amplified, others are cast aside...'*

55. **Unlike the ministries, the partners do not consider involvement in the form of commenting on documents a good format for meaningful discussion**, especially as the time when the documents are open for commenting is generally very short (see also section 1.1.3.5). The partners who participated in the focus groups found that commenting on documents is not only labour-intensive, but also comes with the issue of how the different parties understand and interpret legal and technical texts. Thus, the partners would prefer to discuss issues of substance instead of commenting on texts. All in all, nevertheless, the focus groups largely shared the opinion that the **format of involvement itself is not as important as the willingness**

<sup>25</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

<sup>26</sup> Focus group discussions of 14.12.2018 and 18.12.2018.

of the ministries to consider input submitted through whatever channel or provide clear explanations if the proposals are rejected.

56. The **Operational Programme's monitoring committee and sectoral committees** merit separate discussion. According to the Ministry of Finance, the monitoring committee of the Operational Programme is an event that usually lasts a whole day or even longer. The main annual task of the monitoring committee is to approve the Annual Implementation Report, which is sent to the participants 2–3 weeks in advance, but which, according to the officials, is a rather technical document.<sup>27</sup> The officials organising the work of the monitoring committee of the Cohesion Policy Operational Programme find the meaningful participation of the partners in the monitoring committee to be modest.<sup>28</sup> In the interviews, concerns were expressed that, despite the Ministry of Finance putting out calls for participation, the partners tend to not participate in the meetings nor contribute actively to the discussions. Creating a meaningful debate is seen as a challenge:

*'It is often the case that the Ministry of Finance speaks, the sectoral ministry speaks, and the European Commission makes comments, but only rarely do the social partners say anything.'*

57. The interviewed officials were unable to explain precisely the reasons for the inactivity of the partners. It was suggested that the lack of discussion could be related to the fact that the nature and selected format of the monitoring committee does not provide much opportunity for meaningful and substantive involvement.<sup>29</sup> According to the interviewees, the Ministry of Finance has tried to make the meeting more interactive by presenting discussion questions or by organising the meetings of the monitoring committee as an outing. However, no changes have been observed in the activity of contribution of the partners. The sectoral ministries that responded to the questionnaire have different experiences with the contribution activity of partners. For example, the Ministry of Culture, the Ministry of the Environment, the Ministry of the Interior, and the Government Office found that the partners had participated actively, while the respondents responsible for the co-ordination of the Working Group on Regional Development Strategy at the Ministry of Finance and those from the Sectoral Committee on Information Society at the Ministry of Economic Affairs and Communications considered the contribution of the partners to have been low. At the same time, officials from the Ministry of Education and Research described deeply contrasting experiences with partner participation, which may point to differences between the sectoral committees co-ordinated by the Ministry. The lack of discussion in the committees is attributed, among other things, to the stage of the programming cycle: for example, one ministry representative expressed the view that as the conditions of the measure have already been developed and are in active use, the possibility or need to change them is probably not seen.
58. Based on the opinions collected through the questionnaire-based survey and focus groups, the partners seem to believe that the format of the monitoring committee does not allow for truly meaningful contribution. The partners who participated in the monitoring committee were highly critical of the format of the committee's meetings, considering participation in the form of 'looking at slides for 3–4 hours' without substantive discussion unreasonable and of low value:

*'It is difficult to understand to what extent looking at data in the monitoring committees actually has an impact on anything.'*

59. One ministry representative who participated in the online survey also considered the monitoring committee a poor involvement format, saying of the committee meetings:

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<sup>27</sup> Interview with adviser No. 1 from the State Budget Department of the Ministry of Finance, 12.12.2018.

<sup>28</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

<sup>29</sup> According to the Common Provisions Regulation, the monitoring committee must include partners, the list of the members of the committee must be public, an official from the European Commission must participate in an advisory role, and the committee must meet at least once a year to evaluate the implementation and progress of the programme. These basic conditions are met in the case of the monitoring committee of the Operational Programme; in other areas, the Member State is free to choose the format.

*'The meetings of the national monitoring committee /.../ are generally a report from the ministries to the European Commission, not a discussion with partners.'*

60. The Ministry of Finance itself justified the focus on presentations in the monitoring committee with the assumption that not all members of the committee may be able to review all of the documents before the committee meeting, which is why reviews have been deemed necessary at the meetings.<sup>30</sup>
61. The partners who responded to the survey had more experience participating in the sectoral committees – 58% of the partner respondents had participated in the work of the sectoral committees. The questionnaire-based survey of the ministries revealed that the frequencies with which the committees meet are fairly different: most meet, on average, on a quarterly basis, some less frequently, and electronic discussions are held between meetings as necessary.
62. The partners' opinions of the sectoral committees are more diverse. On the one hand, participation in the committees is considered important – according to the survey, the majority (96%) of the committee participants consider it a somewhat important or very important tool for input. On the other hand, they find that there is little opportunity to change anything of substance in this stage. Some partners have also experienced the ministry's lack of willingness to hear out views that do not coincide with that of the ministry in the sectoral committee. The sectoral committee representatives who responded to the questionnaire-based survey found that participation in the committees does still allow the partners to influence the implementation of the Structural Funds to some extent (even significantly, according to two respondents). In particular, respondents highlighted the opportunity to shape the conditions for granting supports and to change them, but also to influence the objectives and progress of the measure, budget and target group changes, evaluation criteria and indicators. Here too, however, the partners are critical of the slide show-centred format. The partners complained that at the meetings proper discussion and decision-making are sacrificed to reading out slides, which could instead be sent to the participants in advance so that the meetings could focus on discussion. The Sectoral Committee on Administrative Capacity, for example, has established a rule that materials submitted in advance will not be presented separately at the meetings, which will focus on substantive discussion, which requires proper preparation from the participants and prior reviewing of the materials, but makes it possible to focus on substantive discussion. The work of the Sectoral Committee on Administrative Capacity was, in fact, highlighted by several partners as a good example both regarding its structure and format.
63. Five out of the eight sectoral committee representatives who responded to the questionnaire-based survey claim that sectoral partners were also involved in the designing of the format of the committee. The format was designed on the basis of the tasks assigned to the committee, the size of the committee, the ability of the regional representatives to meet up, the need to involve various relevant partners, and the time to quality ratio. Thus, the committees themselves see room for flexibility when designing the format.
64. The Ministry of Finance finds that **the sectoral committees have not worked as well as expected as an involvement format.**<sup>31</sup> When the system of the sectoral committees was created, **the committee members were expected to engage in substantive co-creation, but in practice the leading ministries have been putting the input together themselves, with the committees processing the provided input.** In the questionnaire-based survey, the committees themselves mentioned a variety of ways in which partners are involved – from informing to decision-making. To the knowledge of the Ministry of Finance, in a few committees there have been no meetings for several years now and procedures are carried out in writing. However, the sectoral committee representatives who participated in the survey asserted that the committee meets at least once a year, mostly on a quarterly basis.<sup>32</sup>

<sup>30</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

<sup>31</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

<sup>32</sup> The questionnaire was completed by representatives from the Sectoral Committee on Education, the steering group of the sectoral development plan Estonian Integration Strategy 2008–2013, the working group in charge of co-ordinating the implementation of the Estonian Regional Development Strategy 2014–2020, the sectoral steering committee (priority axes of



Meanwhile, on the positive side, the Ministry of Finance sees the sectoral committees as a valuable asset in instilling a culture of involvement.<sup>33</sup> One partner who participated in a focus group also highlighted the positive experience of participating in the Sectoral Committee on the Economy, which is managed jointly by the Ministry of Education and Research and the Ministry of Economic Affairs and Communications – the partner believed that the joint management has had a positive impact on co-operation between the two areas and has helped harmonise understandings. The same committee was also named as a good example by monitoring officials from the Ministry of Finance,<sup>34</sup> in whose experience there had been active discussion with contribution from the partners in the committee.

#### 1.1.3.5 Involvement timeframe

65. One of the main problem areas revealed by the evaluation was the tight timeframe of the involvement activities and the **short, often unrealistic deadlines for submitting proposals**. These problems were already strongly highlighted in the ex-ante evaluation of the implementation of the Structural Funds. The survey respondents listed the lack of time as one of the main difficulties in shaping positions. In the focus groups, complaints about the involvement timeframe were even more pointed – participants presented several examples of how feedback on extensive documents was requested ‘within 3 days’, ‘by the day after tomorrow’, etc. They found that the provision of input was always hurried.
66. Working through complex materials in a limited timeframe is particularly challenging for organisations that work on a voluntary basis or do not have paid employees whose tasks also include the representation of interests and participation. According to the partners, the expectation that the feedback given on behalf of the umbrella organisation should summarise and represent the opinions of all members adds further complexity. The partners claim that **the limited timeframe for participation generally does not allow for involving members in a meaningful way** (this also relates to the wider issue of the capacity for participation of partners, see section 2.4.5). The participants have also made proposals to the co-ordinating authorities for extending the timeframe, but have reportedly not seen any changes.
67. The Ministry of Finance, too, admits that the timeframes are narrow – the interviewees noted that the time given for providing written commentary on materials is short, although the examples provided concerned periods of a few weeks rather than a few days.<sup>35</sup> According to the results of the questionnaire-based survey, the sectoral committees, too, generally give partners at least one to two weeks, sometimes up to three weeks, to comment on materials. The Ministry of Finance said that, where possible, they have also tried to accommodate individual requests for deadline extensions. Even so, however, the partners that participated in the focus groups considered lack of time a pervasive problem and emphasised that **limited timeframes may allow for formal involvement, but not for meaningful discussion of problem areas** and making decisions together with partners. As narrow timeframes are sometimes inevitable according to officials, skilful co-ordination of partner involvement and the existence of an involvement plan that sets out the form of the input expected from the partners and the stages in which it is to be provided are all the more important.

#### 1.1.3.6 Consideration of partners’ proposals and feedback to participants

68. Based on their previous participation experience, the partners that participated in the questionnaire-based survey and the focus groups were most pessimistic about the **actual efficiency and impact of the participation**, describing the practice of involvement as ‘illusory’

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energy efficiency, water protection, green infrastructure, and preparedness for emergencies) of the Operational Programme for Cohesion Policy Funds 2014–2020, the Sectoral Committee on the Information Society, and the Sectoral Committee on Administrative Capacity.

<sup>33</sup> Interview with adviser No. 1 from the State Budget Department of the Ministry of Finance, 12.12.2018.

<sup>34</sup> Interview with advisers No. 2 and 3 from the State Budget Department of the Ministry of Finance, 18.12.2018.

<sup>35</sup> Interview with adviser No. 4 from the State Budget Department of the Ministry of Finance, 18.01.2019.

and ‘formal’. The partners found on several occasions that they were involved only to confirm preformed notions:

*‘They [the ministries] have an idea in their head, they hold an internal discussion, write it down, then remember that they should involve someone too. /.../ If the person knows better themselves, then that is not real involvement, it is only formal involvement.’*

*‘We seem to have been involved from the start, but the involvement became illusory fairly early on. Where our views matched those of the ministry, we were heard out, but where they did not, we were ignored completely.’*

69. Many were of the opinion that while, formally, partners appear to be involved, expert opinions tend to be ignored and the actual decisions are made in the ‘quiet of the offices’ of the ministries and as a result of political agreements. The clashing of partners’ proposals with political priorities was highlighted by participants with very different backgrounds. According to the partners, in situations where decisions formed as a result of the involvement of partners do not match political interests, the latter nearly always win out:

*‘The respect shown towards the social partners, particularly by the central authorities, is such that we show up naively, wanting to contribute to this, work hard... And then suddenly the politics of the day come crashing in and there is silence and in the quiet of the offices the measures are still made into whatever is needed to patch some hole somewhere /.../’*

70. One focus group participant gave an example of an instance where they had been left with the impression that despite the fact that comprehensive analyses of intervention measures and solutions were carried out in collaboration with partners and experts for planning funding measures, the implementation was still based rather on a political decision that the results of the analysis did not support.
71. Regarding the impact of involvement, a number of participants in the focus groups and online surveys shared their experiences of involvement processes, where the partners felt that the main objective of the state authorities was to employ the EU funds for covering the area’s daily costs of operation. The partners found that as a result the partners’ proposals concerning funding priorities have fallen on deaf ears. A related problem that was highlighted was the state authorities’ low flexibility and preparedness to adjust support measures based on feedback from the partners and beneficiaries – an excessive focus on rules and a lack of focus on efficiency was noted in the focus groups and responses to the questionnaire-based survey on multiple occasions. Interviews with some of the officials from the Ministry of Finance showed that there is awareness at level of the ministry of the excessive bureaucracy of the procedures related to the Structural Funds. However, the officials were sceptical about performance-based budgeting, as the rules were considered necessary in order to avoid repayments of EU funds:

*‘The requirements come from the top down, we have created many new rules ourselves /.../, but it is necessary to avoid repayments.’*

72. Regarding the consideration of proposals, the problem of consistency was highlighted, which stems from staff turnover in the bodies in charge of the involvement processes. Several examples were cited of how agreements with the partners have been forgotten after staff changes, because ‘no one reads old documents’:

*‘Where we have been in an executing role ourselves, we feel that while we provide input based on our work, eventually, when a new issue is brought up, we do not see that our input has been considered in a way that would allow, for example, to create something innovative or continue from there.’*

73. According to the partners, prior agreements also tend to be forgotten when funding periods change – in each new period, the processes essentially start from scratch and proposals made in the preceding period on improving the processes are passed over.
74. At the same time, the questionnaire-based survey shows that the partners’ experiences with the consideration of their proposals differ: the number of respondents who found that the proposals of the partners had been considered was nearly equal to that of those who did not

think the proposals had been considered sufficiently (see also Figure 6). Discontent about the sufficiency of the **feedback** given on proposals and the justification of non-consideration of proposals, however, is greater:

*‘Where social partners are involved, the state should be more honest and also give sufficient feedback on proposals that are not taken into consideration. For example, the objective reason for not taking the proposal into consideration.’*

75. In the focus groups, it was noted that how the input was used sometimes remains unclear to the end – even if feedback is given. It was emphasised that it is important to get a substantive understanding of which proposals have actually been considered and which have not:
76. *‘If you look at how proposals are handled, for example, in online information systems, online legislation, there is currently a very clever approach of marking them as ‘considered’. And then you read the thing and see that no, it has not been considered, because... But the large box says ‘considered’. /.../ In involvement, it would be nice to also consider that you actually understand whether your opinion has been considered.’*
77. It is unclear to what extent the ministries feel that there is a problem with feedback and the consideration of proposals. The ministries that responded to the questionnaire-based survey felt that they had always considered the input of the partners at least to some extent and had given feedback to the partners on their proposals ‘in most cases’ or ‘always’. While some admitted that the partners’ proposals could not always be taken into account, they felt that there were usually objective reasons for that:

*‘If it is a strategic objective arising from a previously agreed document (programme, development plan), then it is generally not modified.’*

*‘Often, the proposals are based on the needs of the particular organisation, not the area as a whole. In addition, the needs are always greater than the means, which is you need to make choices and set priorities.’*

78. Another reason that was mentioned was that the views are sometimes conflicting or differ from the overall opinion of the committee, as well as the legal system of the Structural Funds, due to which it is not possible to implement all proposals. One example of the good practice of feedback comes from the Sectoral Committee on the Information Society, where direct feedback is given at meetings and documented. The interviewed officials from the Ministry of Finance also asserted that feedback had been given on all written proposals, especially documents in the EIS. Regarding the planning stage, one representative of the Ministry of Finance noted that the consideration of proposals has depended on how well the partners are prepared and how well-considered and specific the proposals are: *‘The process was smoother when the partner had defined their priority positions in advance and defended them.’*<sup>36</sup> The representatives of the ministries find it problematic that the partners often fail to see the big picture and set priorities, which is why the proposals are often not based on the needs of the area as a whole. The ministries also expect partners to present more specific and better considered proposals. This is related to the capacity of the partners to defend their interests, which is also considered a problem by the partners themselves.

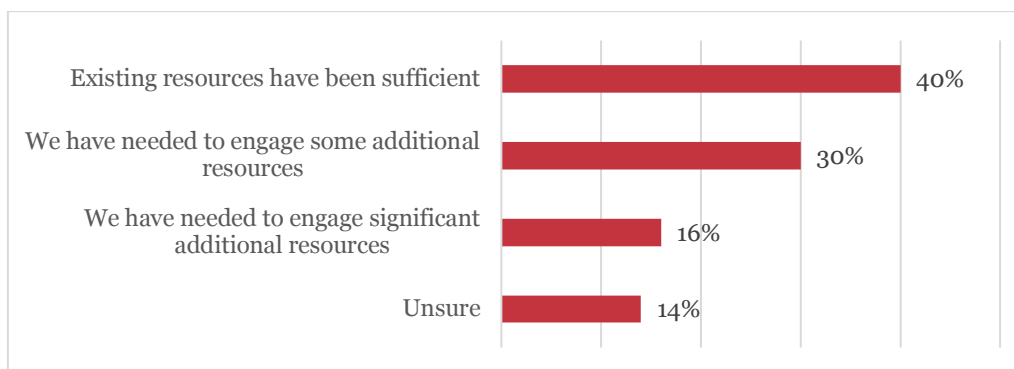
#### 1.1.4 Partners’ capacity for participation

79. The ex-ante evaluation of the Structural Funds for 2014–2020 found that the low capacity and lack of resources of civil society organisations is a major obstacle to participation. The questionnaire-based survey and focus groups carried out during the mid-term evaluation indicate that **partners’ capacity for participation remains a problem**. The lack of resources primarily concerns smaller organisations which are based on volunteer work and do not have a salaried team. In the questionnaire-based survey, 46% of the partners stated that they have had to find additional resources in order to participate effectively in the process for the Structural Funds (see Figure 10).

<sup>36</sup> Interview with adviser No. 4 from the State Budget Department of the Ministry of Finance, 18.01.2019.



Figure 10. Partners' assessment of the sufficiency of the resources needed for participating N = 50



Source: authors

80. Several respondents added that they primarily lacked resources for remuneration of labour – a lack that does not concern only the framework of the Structural Funds, but wider participation in the processes of shaping state policies. Those that participate in involvement processes do so voluntarily and in their free time, and sometimes going to the meetings costs them time and money:

*'Involvement cannot be unpaid work that is done at the expense of other work.'*

*'There has been a real lack of financial resources to remunerate participants for their contribution, it is severely patchy and significantly affects the capacity for participation.'*

*'The state has not considered who their strategic partners are, and as a result there is no possibility of requesting basic financing from the state budget. This in turn decreases the capacity to fulfil the expectations that the state has for the civil society in developing legislation or funds. It is not possible to put together expert opinions and constantly participate in committees solely on a voluntary basis.'*

81. Similar opinions were expressed in the focus groups. The partners feel that participation and reviewing extensive materials requires a lot of time. It was noted that apart from a few organisations that have a person responsible for involvement and participation on their payroll, most are unable to *'read 300 pages worth of documents the night before'*.
82. Membership-based organisations also try to involve their members in shaping their positions and see that the state also expects this from them. The interviews with the officials from the Ministry of Finance clearly confirmed this as well. As the time given for participation is generally short, there is often not enough time for internal discussion of positions in organisations. Members also need to be given the terms of reference, and if long and complex texts are submitted for co-ordination, many organisations are unable to fully review them or, in more difficult cases, even understand them. A wish was expressed for partners to be given more time for involving their members. Both survey and focus group participants emphasised the need for additional resources and support to help increase the capacity for participation:

*'Representation itself, too, takes energy. /.../ In order for the state to have a truly good partner, the communities or groups need to do internal work.'*

83. As possible solutions, the participants primarily saw two types of measures, which concern the broader improvement of the state's involvement practices, but do also apply to the framework of the implementation of the Structural Funds: 1) training courses for increasing involvement and participation capacity; 2) strategic partnership with the state and institutional grants for the partners that would enable them to employ a person tasked with participation, who could also involve members himself or herself:

*'The role and funding of a strategic partnership with social partners needs to be agreed at the state level. This would increase the capacity of the social partners to provide input and*

*determine the interests of the beneficiaries, and would help the state implement more efficient activities.'*

84. Many partners find that the state has not done enough to increase the institutional capacity of the partners. Non-governmental organisations believe there is a major obstacle in that the state does not recognise them as valuable partners nor consider it of substantial importance to develop a strategic partnership, which would require actual funding-related decisions.<sup>37</sup> That a strategic partnership with the necessary support enables achieving good results in involvement was also mentioned by the Ministry of the Interior, which considered the implementation of programmes organised in such a way to be effective.
85. At the same time, in the questionnaire-based survey and the interviews, **the ministries did not see the capacity for participation of the partners as much of a problem**, although it was mentioned that they are expected to provide better considered input. In some cases, they were also not aware of the relevant provisions in the European Code of Conduct on Partnership. According to the Ministry of Finance, the capacity of the partners has actually mostly increased compared to the previous programming period – there is a better understanding of how the processes work and where to channel resources, although in a few areas (e.g., welfare and the environment), the partners have probably not been able to contribute in as much detail as the ministries would have liked.<sup>38</sup>
86. Two of the ministries that responded to the questionnaire-based survey had not implemented any activities for increasing the capacity for participation of the partners, and two did not know whether it had been done. However, the representatives of the sectoral committees led by the Ministry of Education and Research, the Ministry of Culture, the Ministry of the Environment, the Ministry of Economic Affairs and Communications, and the Government Office stated that they had indeed engaged in increasing partners' capacities. As examples of this, they mostly discussed having organised training courses, outings, and information events (in one case also for the interest protection organisations of the development programme), but not the support of the daily representation of interests of and strategic partnership with the organisation, which the partners consider of paramount importance. An exception to this was the measure for science advisers mentioned by the MoER, but this has thus far only been open to the ministries. The need to increase the overall organisational capacity of the partners is generally not seen – the interviewed officials from the Ministry of Finance linked the capability of the partners rather to the beneficiaries being provided training and information, and the involved partners having the terms and basic truths related to the Structural Funds and the expectations of the involvement organisers explained to them. As examples of support measures for increasing institutional capacity, they mentioned the measures of priority axis No. 12 ('Administrative capacity') under the Operational Programme for Cohesion Policy Funds, which include both involvement and training activities.<sup>39</sup> According to the conditions for granting support<sup>40</sup>, the only support instrument that is open to non-governmental organisations and other non-governmental parties is sub-activity 12.2.2 ('Engagement development') of measure 12.2 ('Development of policy-making quality'), which enables developing the capacity of non-governmental organisations to participate in policy-making. The funding criteria<sup>41</sup> of the activity, however, provide for the support of joint training and co-operation activities of non-governmental organisations, not

<sup>37</sup> This was strongly expressed in the focus groups, but has also come up in interviews and focus groups in other studies (e.g., the mid-term evaluation of the Civil Society Development Plan 2015–2020; the study of participation in voluntary activity 2018).

<sup>38</sup> Interview with adviser No. 4 from the State Budget Department of the Ministry of Finance, 18.01.2019. The difficulty of involvement in the area of the environment was also highlighted in other interviews, primarily due to the high number of stakeholders.

<sup>39</sup> Document received from the Ministry of Finance with a commented summary of the results for 2017 and the plans for 2018 for the administrative capacity axis. A more comprehensive mid-term evaluation of the administrative capacity axis will be carried out in 2019. Information can also be clarified through the efficiency analysis carried out in this mid-term evaluation.

<sup>40</sup> The conditions are available at: <https://www.rtk.ee/toetused/toetuste-rakendamise/haldusvoimekus>

<sup>41</sup> Strategy Unit of the Government Office (2015). Criteria for funding engagement projects. Available at: [https://www.riigikantselei.ee/sites/default/files/content-editors/Failid/AVP/kaasamisprojekti\\_de\\_rahastamise\\_kriteeriumid\\_marts2015.pdf](https://www.riigikantselei.ee/sites/default/files/content-editors/Failid/AVP/kaasamisprojekti_de_rahastamise_kriteeriumid_marts2015.pdf)

the awarding of institutional grants to provide operational support to the partners, which is what the partners feel the greatest need for in the context of participation in political processes in general. At the same time, state authorities' involvement projects which are funded under the same support measure were listed as a positive example in the focus groups, as they enable state authorities to learn about involvement and non-governmental organisations to participate through a joint involvement and participation process.

#### 1.1.5 Summary and recommendations

87. In summary, based on the above, it can be said that while involvement in the planning and implementation of the Structural Funds for 2014–2020 has formally been based on EU requirements, the actual practice of involvement has not led to a meaningful partnership between the state and non-governmental parties. **The main problems regarding involvement** can be summarised as follows:
  - **The involvement tends to be formal.** The symptoms of illusory involvement are that the partners feel that the decisions are made already before their involvement, their proposals are not considered sufficiently, and their proposals do not receive systematic and meaningful feedback that would allow the partners to understand the reasons why the proposals have not been considered. The reasons for the formal nature of the involvement may be related to what was also acknowledged by the ministries, that the authorities themselves have failed to thoroughly consider what they wish to achieve with the fulfilment of the formal requirements.
  - **The involvement is inconsistent.** Partners feel that they are involved in only a few stages, not throughout the entire process. Therein involvement in the planning of the Structural Funds has been felt to have been more active and meaningful than involvement in the implementation and monitoring stage. The latter may also be related to the nature of monitoring as an activity, where the focus is on observing previously agreed on processes, rather than actively shaping them.
  - **There is a lack information about the process as a whole.** The involved parties lack a clear understanding of how the particular involvement process they are participating in is related to the process of the planning and use of the EU funds as a whole. They would also like more information about what can and cannot be changed in each stage.
  - **The involvement activities are poorly co-ordinated.** Lack of cooperation between administrative areas makes participation difficult for the partners, leads to a fragmentation of resources that are already scarce, and hinders the achievement of common priorities. The tight timeframe during which decisions are often made also requires strong co-ordination and co-operation.
  - **The formats used for involvement are inefficient.** The achievement of common priorities is also complicated by the lack of involvement formats that would enable interactive discussion and resolution of differences of opinion. Instead of meetings in the format of presentations and commenting on documents, the partners would like to see significantly more well-planned and well-conducted face-to-face discussion meetings in the future.
  - **Partners are given too little time for developing proposals.** According to the partners, the tight timeframes and unrealistic deadlines given for submitting proposals are an obstacle to meaningful participation and prevent them from developing considered and internally harmonised opinions.
  - **Organisations lack the capacity to participate.** As many stakeholders rely on the voluntary contribution of their members and do not have a salaried team, the partners feel a pointed lack of time and human resources and wish for the state to contribute more to the development of the institutional capacity of the partners.
88. The main shortcomings regarding involvement are therefore related, on the one hand, to the **organisation and form of the involvement process** and, on the other hand, the **expectations, attitudes, and skills of the different parties**, as well as the wider

institutional and political framework. In practice, this leads to a low impact of participation on decisions, i.e. a situation which the partners disapprovingly call ‘illusory involvement’. This is also illustrated by the worried acknowledgment of one interviewed official from the Ministry of Finance that *‘formally, the involvement is indeed there’*, but as *‘neither we nor they [the partners] are happy’*, opportunities should be sought for more meaningful co-operation with the partners.

89. Thus, the results of this evaluation confirm the results of earlier studies,<sup>42</sup> which have revealed an interesting conflict in Estonia between the formal fulfilment of the partnership requirements and the impressions of the partners. Finally, it can also be said that compared with the situation at the time of the ex-ante evaluation<sup>43</sup> of the current period nothing has changed with regard to the involvement of partners.
90. As attitudes are slow to change, the recommendations for improving involvement are primarily related to how involvement is organised, where changes can be implemented faster:
91. **Recommendation No. 1: agree on the objectives and process of the involvement with the partners well in advance**

The starting point for efficient involvement is agreeing on the details of the involvement process with the partners. As many involvement activities are sector-specific, we recommend preparing **sectoral involvement plans** in addition to the national involvement plan during the preparation of programmes. The ministries would have to agree with the partners on **clear objectives** for the different stages of involvement, the **methods of collecting, using, and giving feedback on input** from the partners, and the **formats and channels of involvement**. The sectoral involvement plans should be made public and easily accessible online (incl. links to the various relevant websites, e.g., [struktuurifondid.ee](http://struktuurifondid.ee)). It is recommended that the plans be a ‘living document’ open to changes throughout the programming period, if the involvement organisers and involved parties consider it necessary.

92. **Recommendation No. 2: involve partners consistently throughout the programming cycle**

During the evaluation, good examples of involvement were collected from the representatives of the sectoral partners both from the process of the Structural Funds and outside of it. Across the areas, all success stories shared the following three characteristics: 1) all relevant parties were brought together and a real dialogue was initiated; 2) involvement was consistent and long-term, mostly spanning several years; 3) resources were planned for the involvement process, and sufficient time was given to the parties to form their opinions, discuss the differences, and find solutions, using involvement formats that allow for meaningful discussion, specifically discussion meetings and roundtables. Involvement should also be approached as a complete long-term process of involving partners consistently in the different stages in the planning and implementation of the Structural Funds. An involvement plan agreed with the partners would also help keep the long term in view. It is important to consciously plan time and formats for discussing different opinions in detail throughout the entire cycle.

93. **Recommendation No. 3: involve as much as possible as early as possible**

Since there have been seen to be more opportunities for providing input and taking partner input into account in the early stage of programme preparation, it is important to continue

<sup>42</sup> Tatar, M. (2016). The Impact of the European Union Cohesion Policy on Multilevel Governance in Estonia: Subnational Empowerment and Mobilisation. (Euroopa Liidu ühtekuuluvuspoliitika mõju mitmetasandilisele valitsemisele Eestis: Kohaliku omavalitsustasandi võimustamine ja kaasatus poliitikakujundamisse.) Available at: <https://digi.lib.ttu.ee/i/?5143>; Sweco & Spatial Foresight & Nordregio (2016). Implementation of the partnership principle and multi-level governance in 2014-2020 ESI Funds. Available at: [https://ec.europa.eu/regional\\_policy/sources/policy/how/studies\\_integration/impl\\_partner\\_report\\_en.pdf](https://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_partner_report_en.pdf); Government Office (2018). Engagement and impact evaluation study 2018. Available at: [https://www.riigikantselei.ee/sites/default/files/riigikantselei/strateegiaburoo/kaasamise\\_ja\\_mojude\\_hindamise\\_uuringu\\_report\\_2018.pdf](https://www.riigikantselei.ee/sites/default/files/riigikantselei/strateegiaburoo/kaasamise_ja_mojude_hindamise_uuringu_report_2018.pdf)

<sup>43</sup> Praxis Centre for Policy Studies, CPD Development Centre (2013). Ex-ante evaluation of the use of EU funds for 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/20142020\\_perioodi\\_eli\\_vahendite\\_kasutamise\\_eelhindamine.pdf](https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf)

involving partners and strengthening their participation in the early stages of the programming cycle. According to the partners, this stage also allows for more discussion about the substance of the objectives rather than the wording of the documents. Particular attention should be paid to involving partners in the **development of measures and drafting of the conditions for the measures**. One good example of this is the experience shared by the Ministry of the Interior in the questionnaire-based survey, where a partner institution that was to be involved in programme implementation later on *'was engaged in activity development immediately after the list of members was put together, and activity development was carried out in co-operation with the partner. The result was an efficient programme.'*

**94. Recommendation No. 4: explain the objectives and constraints of the involvement processes**

Where partners are involved in different stages of the programming cycle and through different channels, the participants should systematically be given information each time about the objective of the particular involvement process and the role of that involvement process in the process of the planning and implementation of the Structural Funds. A good practice would be to include this information in introductions to meetings or e-mails sent for requesting input. Therein, partners should be informed of the preceding and following stages of the process and made aware of which aspects of the programme can be influenced in the particular stage, as well as what the boundaries and constraints of the given involvement process are.

**95. Recommendation No. 5: simplify participation and provision of input**

In order to make it easier for the partners to provide input and to ensure that the input meets the expectations of the organisers of the involvement, when the partners are asked for input, the key concepts should first be explained to them and the aspects on which their feedback is expected and what the main points of decision are should be specified. Documents should be prepared using language and style that is also understandable to non-experts, and points where feedback is wanted the most should be highlighted in the text.

The capabilities of organisations with more limited resources and those operating outside of larger cities should also be considered more. The current Estonia 2035 strategy process, which also includes the planning of EU funds, is a good example of positive developments: meetings are also intentionally organised outside of Tallinn and Tartu, and efforts are made to go to the involved parties rather than vice versa. Another option worth considering is the reimbursement of participation costs to organisations with fewer resources. Article 17 of the European Code of Conduct on Partnership provides for the option to use Technical Assistance funds to reimburse, inter alia, organisations' costs of participating in meetings on the preparation and implementation of a programme. In order to reduce barriers to participation, this option should be considered.

**96. Recommendation No. 6: plan enough time for involvement and participation**

Lack of time was seen as a chronic problem in previous involvement processes, one which presents a barrier to meaningful participation and internal discussion with members. Thus it is important for the time that the partners need to involve their members to be included in the schedule and taken into account early on, when planning the involvement processes.

Providing sufficient time is also necessary to allow the authorities organising the involvement to analyse the input in detail, give feedback to the partners, and, if necessary, arrange meetings for resolving differences of opinion. In the Good Engagement Practices agreed between the state and civil society organisations, it is recommended to generally give partners four weeks to provide input, but if the timeframe is shorter it would also help to inform partners of the upcoming consultation process in advance in order to allow them to take the timeframe into account in involving their members. In no case, however, are deadlines shorter than a week considered sufficient. Thus, the optimal time for providing input might rather be two to four weeks, depending on the subject.

**97. Recommendation No. 7: give systematic feedback on partners' proposals**



In each involvement stage, how the different proposals led to the particular final result should be transparent to partners. Giving feedback should therefore be a mandatory part of every involvement process and its form could already be agreed on in the involvement plan. When giving feedback, it is important to justify the choices clearly and present the feedback in a way that allows the partners to understand the extent to which their input has been considered, and if it has not been considered, then the reasons why. Here it is relevant to relay the example presented in the report of the ex-ante evaluation for 2014–2020<sup>44</sup> of the steering committee of the Rural Development Plan, which, in addition to written feedback, has also organised meetings to discuss the proposals and replies in order to help explain the background of the choices and resolve conflicts.

**98. Recommendation No. 8: use discussion meetings more widely as a format of involvement**

the evaluation clearly revealed that face-to-face discussion meetings are the preferred format of involvement of partners, and the ministries, too, highlighted it as a generally well-functioning format of involvement. Thus, we recommend increasing the share of discussions and roundtables in the utilised involvement formats. To improve involvement in the implementation stage, it is important to introduce more formats that promote interactive discussion and dialogue in the work of the monitoring committee of the Operational Programme and the sectoral committees – this includes sending compact written materials to the participants well in advance and devoting more time at meetings to discussions of substance, while following recommendations No. 4 and 5. The monitoring committee's efforts to change and diversify the committee's format are a step in the right direction.

**99. Recommendation No. 9: to expand and harmonise the format of the sectoral committees**

Based on the current practice, the potential of the sectoral committees as a format for meaningful involvement of partners is underutilised. The sectoral committees have the potential to be one of the most important channels for involvement in the implementation period, where partners could be involved in important discussions of the area in a meaningful way and in the desired format. Thus, it is advisable to critically reassess and, in central co-ordination, properly define the role and format of the sectoral committees, incl. minimum requirements for partner involvement and recommendations regarding discussion formats. As a minimum, the following is recommended with regard to the sectoral committees: 1) agree on a long-term involvement plan and procedures with the partners participating in the work of the committee; 2) unless otherwise agreed with the partners, follow the principles of the Good Engagement Practices in the involvement of partners, incl. give partners three to four weeks to develop their proposals in the case of more extensive issues; 3) use the format of face-to-face discussion meetings for the committee's meetings, minimising the proportion of presentations (send informational materials to the participants for review in advance) and increasing the proportion of substantive discussions and exchanges of views at the meetings. It should be clear for partners as well as other agencies how each sectoral committee functions and on what bases the partners can participate in it. To improve transparency, information on the sectoral committees should be made available online (see also recommendations No. 1 and 10).

**100. Recommendation No. 10: improve the availability of information online**

In order to improve the availability of general information and make access easier to partners that are interested in participating, it is recommended to provide a complete collection of information on the different involvement processes and opportunities for participation throughout the entire funding period in a single location (e.g., the website [struktuurifondid.ee](https://www.struktuurifondid.ee)). This overview should also include references to sectoral involvement activities.

<sup>44</sup> Praxis Centre for Policy Studies, CPD Development Centre (2013). Ex-ante evaluation of the use of EU funds for 2014–2020. Available at: [https://www.struktuurifondid.ee/sites/default/files/20142020\\_perioodi\\_eli\\_vahendite\\_kasutamise\\_eelhindamine.pdf](https://www.struktuurifondid.ee/sites/default/files/20142020_perioodi_eli_vahendite_kasutamise_eelhindamine.pdf)



To improve the transparency of the working process of the sectoral committees, key information about each sectoral committee should be made available online, incl. lists of members of the sectoral committees, main duties and rules of procedure, meeting agendas, minutes, and documents under discussion. Good examples of how this information could be presented include the webpage of the monitoring committee of the Estonian Rural Development Plan 2014–2020<sup>45</sup> and the webpage of the monitoring committee of the Operational Programme for Cohesion Policy Funds 2014–2020<sup>46</sup>.

**101. Recommendation No. 11: consider better central guidance and support of sectoral involvement activities**

Inconsistency and lack of central minimum requirements in sectoral involvement were already highlighted in this period's ex-ante evaluation. Unfortunately, involvement has remained inconsistent during implementation as well. While sectoral advisers to the State Budget Department of the Ministry of Finance participate in sectoral committee meetings, the interviews indicate that the participation tends to be irregular and there is no clear picture of how partners are involved in the sectoral committees. In order to strengthen the role of the sectoral committees as a format for involvement, it is advisable to consider whether and how sectoral monitoring processes and involvement activities could be given additional central support. To harmonise and streamline involvement practices, we recommend providing more specific guidelines for the work of the sectoral committees (see also recommendation No. 9) and to create formats for co-operation and exchange of experiences between ministries leading sectoral committees, to allow learning from existing good practices.

**102. Recommendation No. 12: develop the capacity of partners and strategic partnerships with the state**

The partners believe that involvement in the context of EU funds should not be viewed separately from involvement in the general process of policy-making. In reducing the burden of officials in the management of individual involvement processes, it would benefit the ministries to maintain regular contact with its sectoral key partners, so as to have an understanding of the partners' needs and opinions at all times. Sectoral organisations should be proactively kept informed of opportunities to participate – as a minimum, partners should be sent short e-mail notifications about active processes and detailed information online should be kept up-to-date. The main point of contact of partners both in broader involvement as well as in the context of the Structural Funds is generally the ministry responsible for the partner's area of activity. Thus, notification should generally be the responsibility of the ministry in charge of the relevant area, who should have a complete overview of the involvement processes in the framework of the measures of that area. To support partnerships, we recommend the following measures:

- **Funding of projects for developing the institutional capacity of key partners.** In the current implementation period, under measure 12.2 'Development of policy-making quality' of the priority axis 'Administrative capacity', a support measure aimed at the Estonian Employers' Confederation and the Estonian Trade Unions' Confederation is being implemented with the aim of increasing the capacity of labour market parties to participate in policy-making processes. Among other things, the measure provides support for training activities, development of internal management and involvement processes, participation in co-operation networks, etc. A similar support measure could be developed for a wider target group to also provide institutional development support to umbrella organisations of non-governmental organisations.
- **Development of a long-term strategic partnership between ministries and partners together with the appropriate financial support.** In order to develop a mutually profitable partnership, it would be advisable for ministries to increase co-operation with key partners through multi-annual strategic partnership agreements, where common objectives, activities, and ways of co-operation are agreed on. This type of

<sup>45</sup> Ministry of Rural Affairs. Monitoring committee. Available at: <https://www.agri.ee/et/eesmargid-tegevused/eeesti-maaelu-arengukava-mak-2014-2020/seire-ja-hindamine/seirekomisjon>

<sup>46</sup> State Shared Service Centre. Monitoring. Available at: <https://www.struktuurifondid.ee/et/seire>

partnership should not be limited to EU funds, but it would also support efficient involvement in processes related to EU funds. The partnership agreement should come with institutional support that would enable the partner organisation to contribute more to the partnership, e.g., to hire an employee whose duties would include substantive co-operation with the ministry and collection of input from the members of the organisation.

- **Continuation of joint training courses of public sector bodies and non-governmental organisations, and dissemination of information about existing training opportunities.** Since 2018, under activity 12.1.1 ‘Human resource training and development’ of the priority axis ‘Administrative capacity’ of the Operational Programme for Cohesion Policy Funds 2014–2020, training courses have been organised for policy-makers and non-profit associations, which also include the development of the competences necessary for managing involvement processes and participating in them. The evaluation revealed that most non-governmental organisations were not aware that the target group of the training programme also includes non-profit associations. Therefore, we recommend notifying partners more actively about this training programme in the current period and considering the continuation of joint training activities in the next funding period. For notification, it is advisable to use different channels. For example, the different opportunities could be mentioned in the monitoring committee and sectoral committees, and information could also be disseminated in co-operation with the Network of Estonian Non-profit Organisations as well as other major sectoral associations, which, as an umbrella organisation of civil society organisations, could notify or remind its members about training opportunities via its own information channels.
- **Continued support for involvement projects<sup>47</sup>** to help improve the skills of the ministries in involving partners through the particular involvement process.

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<sup>47</sup> See Government Office. Engagement projects 2015–2020. Available at: <https://www.riigikantselei.ee/et/kaasamisprojektid-2015-2020>

## B.2 Requirements and codes of conduct on the involvement of partners

### Base documents:

- Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006.
- Commission delegated regulation (EU) No. 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds.
- Good Engagement Practices (Estonia).

Table 1 A more detailed excerpt from the framework documents, and evaluation questions arising from the requirements:

	Common Provisions Regulation by EP and Council, article 5	European Code of Conduct on Partnership	Good Engagement Practices <sup>48</sup>	Evaluation questions based on documents
1. Which target groups should be included?	<p><b>GENERAL PRINCIPLES:</b></p> <p>The partnership must include the following partners:</p> <p>a) competent institutions from <b>cities and other public sector</b> institutions;</p> <p>b) <b>economic and social partners</b>;</p> <p>c) relevant bodies representing <b>civil society</b>, including environmental partners, non-governmental organisations and bodies responsible for promoting social inclusion, gender</p>	<p><b>GENERAL PRINCIPLES:</b></p> <ul style="list-style-type: none"> <li>• Selected partners should <b>best represent the relevant stakeholders</b>.</li> <li>• <b>Selection procedures</b> should be <b>transparent</b> and take into account the institutional and legal frameworks of the Member States and national and regional competences.</li> <li>• The partners should include public authorities, economic and social partners and bodies representing civil society, including environmental partners, community-based and voluntary organisations, <b>which can significantly influence or be significantly affected by</b> implementation of the Partnership Agreement and programmes.</li> <li>• Specific attention should be paid</li> </ul>	<p><b>GENERAL PRINCIPLES:</b></p> <p>The government agency will identify the stakeholders affected by the decision to be developed. A stakeholder may be a collection of natural persons, a legal entity or an informal association, <b>who may be affected by the proposed decision, who are involved in the implementation of the decision or who have a clear interest in the area to be decided on.</b></p> <p>It is important to ensure <b>balanced representation</b> of interests in engagement.</p> <p>The circle of stakeholders will be expanded as necessary in the course of the engagement. Participation does not require a</p>	<p>1.1 Do the engaged partners include the <b>main target groups</b> who are affected by the implementation of EU funds or who have a clear interest in the area to be decided on?</p> <p>1.2 How <b>representative, diverse</b> and <b>balanced</b> is the composition of the partners included?</p> <p>1.3 To what extent are stakeholders representing <b>marginalised and vulnerable communities</b> included?</p> <p>1.4 Are the following types of organisations included in the <b>development and planning of the Partnership Agreement and programmes</b>:</p> <p>a) <b>local government</b> authorities, including those representing major cities and urban areas;</p> <p>b) <b>educational, research and training institutions</b>;</p> <p>c) bodies promoting <b>equal treatment and sustainable development</b>;</p> <p>d) <b>sectoral umbrella organisations</b>;</p> <p>e) representative organisations of</p>

<sup>48</sup> The good engagement practices are formulated primarily in the context of the national legislative process, so a number of the requirements for the good practices cannot be directly applied to the EU funds planning and using process. However, the recommendations put forward in the good engagement practices are also applicable to inclusion in the context of EU funds.

	equality and non-discrimination.	<p>to including groups who may be affected by programmes but who find it difficult to influence them, in particular the most <b>vulnerable and marginalised communities</b>, which are at highest risk of discrimination or social exclusion, in particular <b>persons with disabilities, migrants and Roma people</b>.</p> <p><b>PERSONS INCLUDED IN THE PARTNERSHIP AGREEMENT:</b> For the Partnership Agreement, Member States shall identify the relevant partners among at least the following:</p> <p>a) competent <b>regional, local, urban and other public authorities</b>, including:</p> <ul style="list-style-type: none"> <li>• regional authorities, national representatives of local authorities and local authorities representing the largest cities and urban areas, whose competences are related to the planned use of the <b>ESI Funds</b>;</li> <li>• <b>national representatives of higher educational institutions, educational and training providers and research centres</b> in view of the planned use of the ESI Funds</li> <li>• other national public authorities responsible for the application of horizontal principles<sup>49</sup> referred to in Articles 4 to 8 of Regulation (EU) No 1303/2013, in view of the planned use of the ESI Funds; and in particular the <b>bodies for the promotion of equal treatment</b> established in accordance</li> </ul>	legally defined status or legal relationship with the decision-making body.	<p><b>entrepreneurs</b>;</p> <p>f) stakeholders representing <b>civil society</b>;</p> <p>g) groups at risk of <b>discrimination and social exclusion</b>;</p>
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<sup>49</sup> Horizontal principles: partnership and multi-level governance, gender equality and non-discrimination, sustainable development.

		<p>with Council Directive 2000/43/EC (2), Council Directive 2004/113/EC (3) and Directive 2006/54/EC of the European Parliament and of the Council (4);</p> <p>b) <b>economic and social partners</b>, including:</p> <ul style="list-style-type: none"> <li>• nationally recognised <b>social partners' organisations</b>, in particular general <b>cross-industry organisations and sectoral organisations</b>, whose sectors are related to the planned use of the ESI Funds;</li> <li>• national <b>chambers of commerce and business associations</b> representing the general interest of industries and branches, in view of the planned use of the ESI Funds and with a view to ensuring balanced representation of <b>large, medium-sized, small and microenterprises</b>, together with representatives of the social economy;</li> </ul> <p>c) bodies representing <b>civil society</b>, such as <b>environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination</b>, including:</p> <ul style="list-style-type: none"> <li>• bodies working in the areas related to the planned use of the ESI Funds and to the <b>application of horizontal principles</b> referred to in Articles 4 to 8 of Regulation (EU) No 1303/2013 based on their representativeness, and taking into account geographic and thematic coverage, management</li> </ul>		
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		<p>capacity, expertise and innovative approaches;</p> <ul style="list-style-type: none"> <li>• other organisations or groups which are significantly affected or likely to be significantly affected by the implementation of the ESI Funds, in particular groups considered to be <b>at risk of discrimination and social exclusion</b>.</li> </ul> <p><b>PERSONS INCLUDED IN THE PROGRAMMES:</b></p> <p>For each programme, Member States shall identify the relevant partners among at least the following:</p> <p>a) competent regional, local, urban and other public authorities, including:</p> <ul style="list-style-type: none"> <li>• regional authorities, national representatives of local authorities and local authorities representing the largest cities and urban areas, <b>whose competences are related</b> to the planned use of the ESI Funds contributing to the programme</li> <li>• national or regional representatives of <b>higher educational institutions, education, training and advisory services providers and research centres</b>, in view of the planned use of the ESI Funds contributing to the programme;</li> <li>• other public authorities responsible for the application of horizontal principles referred to in Articles 4 to 8 of Regulation (EU) No 1303/2013, in view of the planned use of the ESI Funds contributing to the programme, and in particular the <b>bodies for the</b></li> </ul>		
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		<p><b>promotion of equal treatment</b> established in accordance with Directive 2000/43/EC, Directive 2004/113/EC and Directive 2006/54/EC</p> <ul style="list-style-type: none"> <li>• other bodies organised at national, regional or local level and authorities <b>representing the areas</b> where integrated territorial investments and local development strategies funded by the programme are carried out;</li> </ul> <p>b) <b>economic and social partners</b>, including:</p> <ul style="list-style-type: none"> <li>• nationally or regionally recognised <b>social partners' organisations</b>, in particular general cross-industry organisations and sectoral organisations whose sectors are related to the planned use of the ESI Funds contributing to the programme;</li> <li>• national or regional <b>chambers of commerce and business associations</b> representing the general interest of industries or branches, with a view to ensuring balanced representation of large, medium-sized, small and microenterprises, together with representatives of the social economy;</li> <li>• other similar bodies organised at national or regional level;</li> </ul> <p>c) bodies representing <b>civil society</b>, such as environmental partners, non-governmental organisations, and <b>bodies responsible for promoting social inclusion, gender equality and non-discrimination</b>, including:</p>		
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		<ul style="list-style-type: none"> <li>bodies working in the areas related to the planned use of the ESI Funds and to the <b>application of horizontal principles</b> referred to in Articles 4 to 8 of Regulation (EU) No 1303/2013 based on their representativeness, and taking into account geographic and thematic coverage, management capacity, expertise and innovative approaches;</li> <li>bodies representing the <b>local action groups</b><sup>50</sup> referred to in Article 34(1) of Regulation (EU) No 1303/2013;</li> <li>other organisations or groups which are significantly affected or likely to be significantly affected by the implementation of the ESI Funds, in particular groups considered to be <b>at risk of discrimination and social exclusion</b>.</li> </ul> <p>As regards European territorial cooperation programmes, Member States may involve in the partnership:</p> <ul style="list-style-type: none"> <li><b>European groupings of territorial cooperation</b> operating in the respective cross-border or transnational programme area;</li> <li>authorities or bodies that are involved in the <b>development or implementation of a macro-regional or sea-basin strategy</b> in the programme area, including priority area coordinators for macro-regional strategies.</li> </ul>		
<b>2 In which stages of</b>	<b>GENERAL PRINCIPLES:</b>	<b>GENERAL PRINCIPLES:</b> <ul style="list-style-type: none"> <li>The partners should be included</li> </ul>	<b>GENERAL PRINCIPLES:</b> In the course of preparing the	2.1 Have the partners been involved in <b>the preparation and implementation of the</b>

<sup>50</sup> Local action groups design and implement community-led local development strategies.

<p><b>planning and use of EU funds should partners be included?</b></p>	<p>The partners will be included in the preparation of the partnership agreements and in the progress reports <b>throughout the preparation and implementation of the programmes</b>; this shall also include participation in the monitoring committees of programmes in accordance with Article 42.</p>	<p>in the preparation and implementation of the Partnership Agreement and programmes; the partners should be represented in the <b>monitoring committees of the programmes throughout the programme cycle</b> (i.e. during preparation, implementation, monitoring and evaluation);</p> <ul style="list-style-type: none"> <li>• The partners should be represented in the monitoring committees of the programmes.</li> <li>• Through their active participation in the monitoring committees, the partners should be involved in <b>assessing performance on the different priorities</b>, the relevant <b>reports</b> on the programmes and, where appropriate, <b>calls for proposals</b>.</li> </ul> <p><b>The stages of the preparation of the PARTNERSHIP AGREEMENT where the relevant partners should be included:</b></p> <ul style="list-style-type: none"> <li>• the <b>analysis of disparities, development needs and growth potential</b> with reference to the thematic objectives, including those addressed by the relevant country-specific recommendations;</li> <li>• summaries of the ex ante conditionalities of the programmes and <b>key findings of any ex ante evaluations</b> of the Partnership Agreement undertaken at the Member State's initiative;</li> <li>• the selection of the <b>thematic objectives</b>, the indicative allocations of the ESI Funds and their main expected results;</li> <li>• the <b>list of programmes and the mechanisms</b> at national and regional level <b>to ensure</b></li> </ul>	<p>drafts, the government agency shall consult the stakeholders and the public <b>in the earliest possible procedural step and throughout the process</b>. In any case, the public consultation shall be carried out in two procedural stages: when the mandate for preparing the draft is still being applied for and when the draft has already been developed.</p>	<p><b>Partnership Agreement and the programmes during the entire programme cycle so far?</b></p> <p>2.2 Were the partners involved in the development of the programmes <b>in the earliest stage possible</b>?</p> <p>2.3 Which preparation stages of the <b>Partnership Agreement</b> were the partners involved in?</p> <p>2.4 Which preparation stages of the <b>programmes</b> were the partners involved in?</p> <p>2.5 Are the partners also represented in the <b>monitoring committees</b>?</p>
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		<p><b>coordination</b> of the ESI Funds with one another and with other Union and national funding instruments and with the European Investment Bank;</p> <ul style="list-style-type: none"> <li>the <b>arrangements for ensuring an integrated approach to the use</b> of ESI Funds for the territorial development of urban, rural, coastal and fisheries areas and areas with particular territorial features;</li> <li>the <b>arrangements for ensuring an integrated approach</b> to addressing the specific needs of geographical areas most affected by poverty and of target groups at the highest risk of discrimination or exclusion, with special regard to marginalised communities;</li> <li>the <b>implementation of the horizontal principles</b> referred to in Articles 5, 7 and 8 of Regulation (EU) No 1303/2013.</li> </ul> <p><b>The stages of the preparation of the PROGRAMMES where the relevant partners should be included:</b></p> <ul style="list-style-type: none"> <li>the <b>analysis</b> and identification of <b>needs</b>;</li> <li>the definition or selection of <b>priorities</b> and related specific objectives;</li> <li>the <b>allocation of funding</b>;</li> <li>the <b>definition</b> of programmes' <b>specific indicators</b>;</li> <li>the <b>implementation of the horizontal principles</b> as defined in Articles 7 and 8 of Regulation (EU) No 1303/2013;</li> <li>the <b>composition of the monitoring committee</b>.</li> </ul>		
<b>3 Requirements and instructions for organising</b>	<i>(Included in the Code of Conduct prepared based on the Regulation.)</i>	<p><b>Timely disclosure</b> of and <b>easy access</b> to relevant information;</p> <p><b>sufficient time</b> for partners to</p>	Those included are <b>allowed sufficient time to provide feedback</b> . The public consultation lasts four weeks. In	3.1 Has the information required for the partners to participate been <b>easily accessible and provided in a timely manner</b> ?

<p><b>the engagement process</b></p>		<p><b>analyse and comment on</b> key preparatory documents and on the draft Partnership Agreement and draft programmes;</p> <p>the <b>dissemination of the outcome</b> of the consultation;</p>	<p>relevant cases, the duration of the consultation may be decreased. The duration of the consultation will be extended in the case of a very substantive draft decision or in other relevant cases.</p> <p>Stakeholders shall be given sufficiently detailed <b>feedback within a reasonable time, generally within 30 days as from the end of the consultation</b>. If the consultation lasts more than three months or takes place in several stages, the government agency will, if necessary, carry out a mid-term review of the feedback received in the course of the consultation and its consideration, change the consultation schedule if necessary, and inform all the stakeholders involved.</p> <p>The government agency shall prepare <b>a joint answer on the results of the consultation</b>. It identifies the stakeholders invited to participate in the consultation, presents the proposals and comments made, explains the consideration of the proposals or comments, and justifies their disregard.</p> <p>The joint reply shall be added to the question to be decided on and forwarded to all stakeholders together with the feedback mentioned in clause 6.1. If the analysis of the feedback requires more than 30 days in exceptional circumstances, information on the new deadline will be communicated to stakeholders together with the feedback. The joint answer will be disclosed in the drafts information system</p>	<p>3.2 Have the partners received <b>sufficient time to formulate their positions</b> and give feedback?</p> <p>3.3 Has <b>feedback</b> been provided to the partners' proposals within reasonable time?</p> <p>3.4 Have the <b>results of the partners' inclusion</b> been made available?</p>
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			under the draft being proceeded and will also be made public after the procedure is completed.	
<b>4 Requirements for the inclusion channels</b>			The choice of the consultation channels has to consider the <b>possibilities of the public and stakeholders for accessing the document sent for consultation</b> . If the consultation requires participation by a broader public, the information will be published in the drafts information system and thus on the participation web and, if necessary, through other channels.	<p>4.1 <b>Through which channels</b> have the partners been included in the planning and monitoring of the EU Funds?</p> <p>4.2 Have the <b>channels used</b> been suitable and accessible for the partners?</p>
<b>5 Other requirements and recommendations</b>		For effective implementation of the partnership, the <b>institutional capacity of the partners concerned should be increased</b> by implementing capacity building measures targeted at the social partners and organisations representing civil society involved in the programmes	At the end of the public consultation regarding important drafts, <b>the government agency shall analyse the efficiency of the engagement</b> , including <b>achievement of the objective, relevance of the methods used, participation of the stakeholders in consultation, effectiveness of the notifications and provision of feedback, and satisfaction of the stakeholders with the engagement</b> . To this end, the government agency also asks for efficiency assessment from the stakeholders involved.	<p>5.1 Was the <b>institutional capacity of the partners' institutions increased</b> during the programming period and in which ways?</p> <p>5.2 Were the <b>partners' assessments</b> of the engagement process and <b>satisfaction</b> with the engagement analysed?</p>



## Annex C Sample of the project selection criteria

Table 2 The sample of the activities of the selection criteria

N o.	No. and name of the activity	IB	IA	Fund	Implement ation scheme *
1	2014-2020.1.6.2 Providing adults high-quality and relevant continuing education and retraining to increase their vocational and professional qualifications and improve their key competencies of lifelong learning	MoER	Innove	ESF	OC, round-based
					GSAIB
2	2014-2020.2.2.1 Welfare services for elderly, people with special needs and those with coping difficulties and their family members to support their employment	MoSA	Innove	ESF	OC, round-based
					GSAIB
3	2014-2020.2.4.2 Supporting investments in the infrastructure of primary health centres in local commuting centres, by ensuring accessible and all-round primary services	MoSA	SSSC	ERDF	IP
4	2014-2020.2.5.1 Reorganization of special care institutions	MoSA	SSSC	ERDF	OC, round-based
					IP
5	2014-2020.3.1.2 Activities supporting employers and employees to enhance working conditions	MoSA	Innove	ESF	GSAIB
6	2014-2020.4.1.1 Institutional development program for R&D institutions and higher education institutions	MoER	Archimedes	ERDF	IP
7	2014-2020.4.1.2 Supporting the research infrastructure of national importance on the basis of the Road Map	MoER	Archimedes	ERDF	IP
8	2014-2020.4.1.4 Supporting the centres of excellence in science to strengthen the international competitiveness and quality	MoER	Archimedes	ERDF	OC, round-based
9	2014-2020.4.2.3 R&D program for smart specialization in growth areas	MoER	Archimedes	ERDF	OC, rolling
10	2014-2020.4.3.1 Investments in the best possible resource-efficient technologies; supporting resource management systems and IT applications	MoE	EIC	ERDF	OC, rolling
11	2014-2020.4.3.4 Conducting energy and resource audits	MoE	EIC	ERDF	OC, rolling
12	2014-2020.4.3.5 Supporting waste recycling	MoE	EIC	ERDF	OC, round-based
13	2014-2020.4.4.1 Identification of development needs and businesses' development activities	MoEAC	EE	ERDF	OC, rolling
14	2014-2020.4.4.2 The part of research and development activity	MoEAC	EE	ERDF	OC, rolling
15	2014-2020.5.1.2 Start-up assistance	MoEAC	EE	ERDF	OC, rolling

16	2014–2020.5.1.8 Development of tourist attractions of international interest and their supporting infrastructure	MoEAC	EE	ERDF	OC, round-based
17	2014–2020.5.3.1 Development of creative industries incubation	MoC	EE	ERDF	OC, round-based
18	2014–2020.5.3.2 Development of support structures for creative industries	MoC	EE	ERDF	OC, round-based
19	2014–2020.5.3.3 Development of export capacity of companies active in creative industries	MoC	EE	ERDF	OC, rolling
20	2014–2020.5.3.4 Linking creative industries with other sectors (small-scale projects)	MoC	EE	ERDF	OC, rolling
21	2014–2020.5.3.7 Development of creative industries infrastructure and technological capacity	MoC	EE	ERDF	OC, round-based
22	2014–2020.5.4.2 Regional initiatives to promote employment and entrepreneurship	MoF	SSSC	ERDF	GSAIB, rolling
23	2014–2020.5.4.3 Investments to increase regional competitiveness (job creation)	MoF	SSSC	ERDF	OC, round-based
24	2014–2020.5.4.4 Investments to increase regional competitiveness (improving the availability of jobs and services)	MoF	SSSC	ERDF	OC, round-based
25	2014–2020.6.1.1 Supporting the reconstruction of apartment buildings	MoEAC	KredEx	CF	OC, rolling
26	2014–2020.6.2.1 Renovation and/or construction of district heating boilers and changing fuel	MoEAC	EIC	CF	OC, round-based
27	2014–2020.6.2.2 Renovation of amortized and inefficient heat piping and/or construction of a new heat piping	MoEAC	EIC	CF	OC, round-based
28	2014–2020.6.2.4 Construction of local heating solutions instead of district heating solutions	MoEAC	EIC	CF	OC, rolling
29	2014–2020.6.4.1 Supporting the production of biomethane and its consumption in the transport sector	MoEAC	EIC	CF	OC, round-based
30	2014–2020.7.1.1 Construction and reconstruction of public water supply and sewerage systems, including drinking water treatment and wastewater treatment plants in public water supplies and wastewater collection areas	MoE	EIC	CF	OC, rolling
31	2014–2020.8.1.7 Rehabilitation of watercourses (ensuring fish migration conditions at dams constructed on salmon rivers)	MoE	EIC	CF	OC, round-based
32	2014–2020.10.2.1 Improvement of connections at public transportation stops	MoEAC	EIC	CF	OC, round-based
33	2014–2020.12.1.2 Senior managers development	MoF	SSSC	ESF	GSAIB
34	2014–2020.12.3.1 Smart development (including analysis) of existing and new information systems	MoEAC	ISA	ERDF	OC, rolling / round-based

\* OC – open application; GSAIB – grant of support for the activity of an intermediate body; IP – investment plan

## Annex D Comparison of the selection criteria and their relevance to the projects' efficiency

### D.1 Comparison of the project selection criteria

Table 3 Comparison of the project selection criteria

IA	AC	Scheme	Use of general selection criteria					
			Impact of the project on meeting the objectives of the measure	Relevance of the project	Cost-effectiveness of the project	The ability of the applicant/beneficiary (and partners) to carry out the project	Project's impact on cross-cutting issues	Additional criterion
Archimedes	4.1.1: A1	IP	30%	30%	25%	15%	N/A	N/A
Archimedes	4.1.1: A2–7	IP	35%	25%	10%	10%	N/A	20%
Archimedes	4.1.2	IP	30%	20%	15%	15%	N/A	10%+10%
Archimedes	4.1.4	OC (RB)	25%	25%		50%	N/A	N/A
Archimedes	4.2.3	OC (R)	30%	21%	21%	18%	10%	N/A
EE	4.4.1.1	OC (R)	35%	20%	15%	30%	N/A	N/A
EE	4.4.1.2	OC (R)	55%	10%	13%	13%	N/A	10%
EE	4.4.2.1	OC (R)	20%	50%		30%	N/A	N/A
EE	4.4.2.2	OC (R)	38%	20%	8%	4%	N/A	30%
EE	5.1.2	OC (R)	35%	25%	15%	25%	N/A	N/A
EE	5.1.8.1	OC (RB)	40%	20%		20%	N/A	20%
EE	5.1.8.2	OC (RB)	50%	N/A	30%		N/A	20%
EE	5.3.1	OC (RB)	30%	25%	20%	25%	N/A	N/A
EE	5.3.2	OC (RB)	30%	25%	20%	25%	N/A	N/A
EE	5.3.3	OC (R)	30%	25%	20%	25%	N/A	N/A
EE	5.3.4	OC (R)	30%	25%	20%	25%	N/A	N/A
EE	5.3.7	OC (RB)	30%	25%	20%	20%	N/A	N/A
Innove	1.6.2	OC (RB)	20%	25%	15%	15%	5%	20%
Innove	1.6.2	GSAIB	YES*	YES*	YES*	YES*	YES*	N/A
Innove	2.2.1.1	OC (RB)	6	5	3	2	2	N/A
Innove	2.2.1.2	OC (RB)	8	13	8	4	N/A	2
Innove	2.2.1	GSAIB	YES*	YES*	YES*	YES*	YES*	N/A
Innove	3.1.2	GSAIB	YES*	YES*	YES*	YES*	YES*	N/A
Kredex	6.1.1	OC (R)	YES	N/A	N/A	N/A	N/A	N/A
EIC	4.3.1	OC (R)	50%	10%	30%	10%	N/A	N/A
EIC	4.3.4	OC (R)	1+1+1		1+1	N/A	N/A	N/A
EIC	4.3.5	OC (RB)	YES	YES	YES	N/A	N/A	N/A
EIC	6.2.1	OC (RB)	30+20+5 / 25+5	N/A	30/15	5	N/A	10/30 + 10
EIC	6.2.2	OC (RB)	20+20	N/A	N/A	20	N/A	20+20
EIC	6.2.4	OC (R)	YES	YES	YES	YES	N/A	N/A
EIC	6.4.1	OC (RB)	3	YES	YES	YES	N/A	3+3

EIC	7.1.1	OC (R)	YES	YES	YES	N/A	N/A	N/A
EIC	8.1.7	OC (RB)	YES	YES	YES	YES	N/A	N/A
EIC	10.2.1	OC (RB)	20%		25%	20%	10%	25%
ISA	12.3.1	OC (RB)	7%	20%	16%	15%	4%	38%
ISA	12.3.1	OC (R)	7%	20%	16%	15%	4%	38%
SSSC	2.4.2 I round	IP	30%	25%	15%	15%	15%	N/A
SSSC	2.4.2 II round A1	IP	30%	25%	15%	15%	15%	N/A
SSSC	2.4.2 II round A2	IP	25%	30%	20%	15%	10%	N/A
SSSC	2.5.1	OC (RB)	23%	29%	22%	15%	7%	N/A
SSSC	2.5.1	IP	30%	30%	25%	15%	N/A	N/A
SSSC	5.4.2	GSAIB	YES*	YES*	YES*	YES*	YES*	N/A
SSSC	5.4.3	OC (RB)	60%		40%		N/A	N/A
SSSC	5.4.4	OC (RB)	60%		40%		N/A	N/A
SSSC	12.1.2	GSAIB	YES*	YES*	YES*	YES*	YES*	N/A

## D.2 Relevance of the project selection criteria regarding the efficiency of the projects

Table 4 Summary of the analysis conducted on the basis of a sample of completed projects: comparison between scores and the projects' efficiency

AC	Completed projects as at 31.12.2018	Sample projects	Achievement of indicators	Objective of the measure	Assessments of the projects' performance	Comments	Average of sample scores	AC scores (all projects)			
								MIN	MAX	AVG	SD
1.6.2	1	1	ACHIEVED	The proportion of adults with vocational and professional qualifications has increased and the key competences for lifelong learning have improved.	ACHIEVED	The participants of the training were inspired to move forward with their lives: they are addressing their health issues, found a job or returned to school.	71.00	66.00	92.00	75.69	7.39
2.4.2	2	2	ACHIEVED	Ensure the availability of high-quality health services to support people staying in employment and returning to employment.	NO INFORMATION	The completed projects were implemented in the volume planned but there is no knowledge of the efficiency of the measure with regard to its objectives.	76.00	62.00	96.00	76.45	7.03
4.2.3	7	3	ACHIEVED IN ONE PROJECT, PARTIALLY IN TWO	Focus of R&D on the needs of Estonia, its society and economy, both in research activities and in the implementation of its results, which in turn contributes to increased productivity and competitiveness. The country is a smart leader of applied research and business development and research institutions work closely with government agencies and businesses. R&D makes the economic structure more knowledge-intensive and the share of employment in companies of growth areas and added value in the economy and export increases.	ACHIEVED IN TWO PROJECTS, PARTIALLY IN ONE	The projects have partially achieved their planned outcomes. It is not known, whether the motivation and readiness of R&D institutions to conduct applied research has increased.	3.80	2.11	4.66	3.58	0.60
4.3.1	4	3	ACHIEVED	Increase energy and resource savings in businesses.	ACHIEVED	Energy and resource-efficient solutions were introduced	NO INFORMATION				
4.3.4	54	6	ACHIEVED	Increase energy and resource savings in businesses.	ACHIEVED	Audits were carried out, which is the objective of the support. As a result of the audit, the companies gained more insight to the use of their resources and the possibilities to save them.	NO INFORMATION				

4.4.1	36	8	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED	Increasing the international competitiveness of companies through the preparation of long-term development plans and the provision of services necessary for the development of the company based on the development plan.	ACHIEVED COMPLETELY IN HALF OF THE PROJECTS, PARTIALLY IN THE OTHER HALF**	Not all the planned objectives were achieved, but they have still been rated successful and efficient. Short-term activities have achieved their objectives, but the results with regard to the objective of the measure will be revealed in the long term.	2.99	2.66	3.71	3.01	0.22
4.4.2	438	22	ACHIEVED	Increasing the international competitiveness of companies through the preparation of long-term development plans and the provision of services necessary for the development of the company based on the development plan.	ACHIEVED	The objectives are met, except partially in two projects.	3.28	2.50	4.00	3.18	0.43
5.1.2	24	5	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED	As a result of the measure, the ambition, creativity and general entrepreneurship, including a positive attitude towards starting a business among entrepreneurs increased and the number of sustainable start-up companies and the economic results of the operating entrepreneurs have grown significantly; Estonia is a competitive and attractive destination.	PARTIALLY ACHIEVED IN MOST PROJECTS	Most of the projects were successfully carried out, the employment growth indicators were the main ones not achieved, the other indicators were achieved.	2.75	2.50	3.50	2.94	0.31
5.3.1	4	3	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED*	Link the potential found in the cultural and creative fields with entrepreneurship to promote increase in the number of companies with new ambitious business models, increase export capacity and create added value for other economic sectors through creative industry in the development of business models, products and services, and sales and marketing.	ACHIEVED	Short-term objectives have been met, but long-term impact on the objective is not known.	2.61	2.57	2.69	2.61	0.06
5.3.2	5	3	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED*	Link the potential found in the cultural and creative fields with entrepreneurship to promote increase in the number of companies with new ambitious business models, increase export capacity and create added value for other economic sectors through creative industry in the development of business models, products and services, and sales and marketing.	ACHIEVED	The number of enterprises receiving the support has varied, the activities have essentially been implemented according to plan.	3.39	3.17	3.67	3.36	0.21



5.3.3	89	9	PERFORMANCE INDICATORS HAVE NOT BEEN ACHIEVED*	Link the potential found in the cultural and creative fields with entrepreneurship to promote increase in the number of companies with new ambitious business models, increase export capacity and create added value for other economic sectors through creative industry in the development of business models, products and services, and sales and marketing.	PARTIALLY ACHIEVED	The indicator of created added value and/or export revenue was under-achieved (at least one indicator has been under-achieved in all projects). The projects met their objectives partially or fully, but having an impact with regard to the objectives of the measure takes longer.	2.97	2.50	3.75	2.99	0.26
5.3.4	1	1	PERFORMANCE INDICATORS HAVE NOT BEEN ACHIEVED*	Link the potential found in the cultural and creative fields with entrepreneurship to promote increase in the number of companies with new ambitious business models, increase export capacity and create added value for other economic sectors through creative industry in the development of business models, products and services, and sales and marketing.	PARTIALLY ACHIEVED	The direct objectives set for the activities have been met but the sales revenue and added value indicators have not (yet) been achieved.	2.65	2.65	2.65	2.65	-
5.3.7	2	2	INDICATORS NOT ACHIEVED*	Link the potential found in the cultural and creative fields with entrepreneurship to promote increase in the number of companies with new ambitious business models, increase export capacity and create added value for other economic sectors through creative industry in the development of business models, products and services, and sales and marketing.	ACTIVITIES DELAYED	The ending of the activities has been delayed, the impact with regard to the indicators is manifested after the end of the activities.	NO INFORMATION				
5.4.2	32	6	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED	Employment and business activity have increased outside the urban areas of Tallinn and Tartu.	2/3 OF THE PROJECTS ACHIEVED COMPLETELY, OTHERS PARTIALLY	The number of participants in the activities varies to a large extent with regard to the target milestones – there are achieved, overachieved and under-achieved indicators but this refers to the content rather the efficiency of the activities. In essence, the activities oriented towards development have been carried out either as planned or partially.	2.85	2.77	3.51	3.09	0.23
5.4.3	23	5	PERFORMANCE INDICATORS NOT ACHIEVED, VOLUME INDICATORS	Employment and business activity have increased outside the urban areas of Tallinn and Tartu.	ACHIEVED	The number of companies receiving non-financial support was achieved or overachieved but the employment indicators were under-achieved. In essence,	3.40	2.83	3.90	3.36	0.23

			ACHIEVED			the direct objectives have been met but the long-term impact on employment will manifest itself later.					
5.4.4	7	3	ACHIEVED	Employment and business activity have increased outside the urban areas of Tallinn and Tartu.	ACHIEVED	The projects met their objectives.	3.80	3.09	4.00	3.58	0.28
6.1.1	240	12	ACHIEVED	Reduction of energy consumption by the end-user. Reduction of energy dependency and greenhouse gas emissions.	ACHIEVED	The indicators have all been achieved and the substantive activities were efficient as well.	NO INFORMATION				
6.2.1	15	3	PARTIALLY ACHIEVED	Reducing final energy consumption at the expense of more efficient heat production and transmission.	ACHIEVED	The devices have been installed, savings in CO <sub>2</sub> will manifest in the next heating season.	75.00	7.50	90.00	62.65	18.79
6.2.2	30	6	ACHIEVED	Reducing final energy consumption at the expense of more efficient heat production and transmission.	ACHIEVED	The planned energy savings have been achieved, except in two delayed projects that have not been launched yet.	43.21	10.00	92.89	56.24	15.08
6.4.1	3	2	PARTIALLY ACHIEVED	Launch pilot project(s) for the production of biomethane and its consumption in the transport sector.	ACHIEVED	Filling stations have been constructed but biomethane was not available, so some of the indicators have not been achieved.	8.50	3.00	9.50	7.22	1.52
7.1.1	198	10	PARTIALLY ACHIEVED	Quality drinking water in water supply systems serving more than 2,000 people and proper collection and treatment of wastewater in wastewater collection areas serving more than 2,000 people.	ACHIEVED	In essence, the activities were carried out and the availability of drinking water was ensured. Some of the indicators were under-achieved due to changes in projects.	NO INFORMATION				
8.1.7	3	2	ACHIEVED	The status of protected species and habitats has improved.	ACHIEVED	The work has been carried out in the planned volume and the indicators have been achieved.	NO INFORMATION				
10.2.1	28	6	PARTLY OVERACHIEVED, PARTLY ACHIEVED, PARTLY UNDER-ACHIEVED	Development of railway traffic, connecting various transport modes and connection and improvement of ports and different transport modes of environment-friendly and low-CO <sub>2</sub> -emission transport systems (including inland waterways and maritime transport).	ACHIEVED	The objectives of the work were achieved.	2.33	1.00	3.00	2.37	0.58

12.3.1	111	12	ACHIEVED	Public services are provided in an accessible, harmonised, user-centred and smart manner	ACHIEVED	All the indicators have been achieved and the content of the activities has also been carried out effectively.	NO INFORMATION
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\* In the case of activity 5.3, the indicators are to be achieved one or two years after the implementation of the project (with a follow-up report, not the final report). It is therefore not possible to conclude at this stage that the indicators will not be achieved.

\*\* The major part of the budget and projects of activity 4.4.1 is made up of a sub-activity 4.4.1.1 ('Company development programme'), where the objective is generally met with several projects. Therefore, no conclusions regarding efficiency can be drawn from the indicators of individual projects.



## Annex E Comparison of project selection methodologies

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### E.1 Open application: rolling

103. The total number of activities with an open call application scheme was 13. For five of these, the IA was the EE, for four the EIC and in addition, the sample included one AC of Archimedes, one of the SSSC, one of KredEx and one of the ISA with rolling application. For the most part, the IAs have provided their own methodologies in addition to the CGS which are generally different for each AC but contain common parts. Therefore, the analysis is largely provided by different IAs.

#### ***Adherence of the selection methodology to the general selection methodology***

104. Pursuant to the principles of the selection methodology approved by the monitoring committee, **the assessment of open rolling applications** is carried out based on selection criteria or adherence to the threshold provided for the total score of the criteria. The applications that are in accordance with or exceed the threshold provided are satisfied within the scope of the budget. The threshold may be set as a minimum score or by describing the circumstances or assumptions that comply with the threshold.<sup>51</sup>
105. Different evaluation solutions are used for the ACs of the open call for proposals that was included in the evaluation sample. For ACs implemented by the EE, Archimedes and ISA, a score-based threshold is used, whereas scores are not awarded to the ACs of KredEx and the threshold has been established based on compliance with the CGS (conformity assessment is carried out). There are examples of both practices in the ACs applied by the EIC.
106. In the case of rolling application based on scores, the thresholds implemented are either based on individual selection criteria, the total score or both. In all the measures of the EE analysed, thresholds have been established for both the selection criteria and total score. In AC 4.2.3 applied by Archimedes that is included in the sample, the thresholds had only been established for a few selection criteria. The total score threshold for the ACs of the EE is 2.50 points (on a scale of 0–4) and no selection criteria can be below 2.00<sup>52</sup>. For example, in the case of AC 4.2.3, the threshold for the compliance with the objectives of the measure criterion is higher than for the rest of the criteria. Similarly to the EE, the thresholds for AC 12.3.1 of the ISA have been established for both – the criteria as well as the total score (at the same time, round-based application is also carried out in the AC, see Chapter 2.2). The thresholds for criteria and total scores are listed in Table 5.
107. Scores are not awarded to the ACs of KredEx and some of the ACs of the EIC with rolling calls for proposals and the preconditions provided in the CGS must be met to comply with the threshold. The applications of AC 6.1.1 of KredEx are evaluated by the employees of the IA who involve an expert assessment of construction works in the evaluation of the projects. The decision to finance a project is based on whether the project meets the requirements of the CGS and the objectives of granting the AC's support. The applications are not awarded scores or compared. This can be considered relevant as it is not important for meeting the objective of the action<sup>53</sup>, which eligible project will receive the support if the energy saving requirements are met.
108. A similar practice is applied by the EIC to some rolling applications (AC 6.2.4, 7.1.1), where no scores are awarded and conformity with the requirements of the CGS is assessed. Although the evaluation criteria outlined in the CGS are provided on the evaluation sheets (all general selection criteria for AC 6.2.4, only the purpose of application, relevance and cost-

<sup>51</sup> General Selection Criteria Approved by the CFP Funds Monitoring Committee that are Applied to all Priority Axes of the Operational Programme and to the Measures Supported Under Them.

<sup>52</sup> For AC 4.4.1.2, the threshold for the fourth selection criterion is missing.

<sup>53</sup> The objective of the measure is 'Reduction of energy consumption by the end-user. Reduction of energy dependency and greenhouse gas emissions'.

effectiveness of the project for AC 7.1.1), they are only evaluated on the ‘yes’ / ‘no’ scale. To qualify for the support, all the conditions must be met, which can be considered a threshold. Meanwhile, for example AC 4.3.1, the IA of which is also the EIC, is scored between 0–4. The threshold provides that each individual selection criterion must be >0 and the total score must be at least 1.2 or 30% of the possible maximum score. For AC 4.3.4, the EIC applies scores, but since the scale is 1 or 0 and according to the CGS, eligibility is subject to compliance with all the criteria, this can be considered a conformity assessment rather than scoring.

109. According to the general selection methodology, if there are multiple selection criteria for awarding scores, it is necessary to determine their proportion, which may be equal or different, and the rating scale. In all the ACs in the sample where scores are awarded, the proportion of the selection criteria has been established<sup>54</sup> and a rating scale has been set (Table 5). The EE, Archimedes and ISA use a similar five-point scale (0 to 4 for the EE and EIC and 1 to 5 for Archimedes and the ISA).
110. Also, pursuant to the general selection methodology, the relevance and the compliance or non-compliance with the threshold shall be justified, unless the circumstances underlying each awarding of scores and compliance with the threshold are described in the methodology. The scores 0, 2 and 4 of the EE's ACs have been explained and 1 and 3 have been marked as an intermediate rating. At the same time, the evaluators must justify all the scores given. For AC 4.2.3, all the scores have been explained in the approved assessment methodology and the evaluators must justify each score given. Even those ACs that are assessed based on conformity with the requirements of the CGS (no scores are awarded), the evaluators must justify the compliance or non-compliance.
111. For most of the ACs (4.2.3, 4.4.1.1, 4.4.1.2, 5.3.3, 5.3.4), the evaluation consists of two stages. In the first stage, the application is evaluated by an employee or experts of the IA, and in the second stage, the application is forwarded to the committee that will make a proposal to accept, partially satisfy, satisfy or reject the application. The decision is approved by the IA. ACs 4.4.2.1, 4.4.2.2 and 5.1.2 of the EE form an exception where the final evaluation and decision is made by a senior consultant of the EE, because the decision-making level in the EE has been delegated in accordance with the maximum limits of the supported amount stipulated in the internal rules.
112. The involvement of experts at the regulation level has been included in all ACs. External experts were rarely used in the ACs monitored by the EE, but, for example, in the case of tourism supports, an expert of the tourism development centre who works in another unit of the EE (i.e. an in-house expert) participates in the evaluation of all applications. According to the IA, it is not necessary to involve expert opinions for simpler ACs, and most of the evaluation committees have the necessary expertise. In AC 4.2.3 of Archimedes, the experts carry out the first stage of the assessment.
113. According to the principles of the evaluation methodology, the maximum allowed deviation range for the scores of the selection criteria shall be established, as well as a code of conduct if the deviation exceeds the permitted range, except if consensual assessment is carried out. Consensual assessment is carried out for AC 4.2.3 of Archimedes. There is no evaluation committee for ACs 4.4.2 and 5.1.2 of the EE and the final decision is made by the IA's own employee (no fluctuation of points can occur). For ACs 4.4.1, 5.3.3 and 5.3.4, the final evaluation will be carried out in the evaluation committee and the decision is made by simple majority. According to the EE, large divergence of opinions is recorded.
114. In the case of an open rolling application, a rule of conduct must be established for choosing between applications with equal results if the budgetary limit is reached (e.g. an individual criterion, drawing of lots). For all ACs of the EE, a clause for this is included in the AC's regulation. According to this, the monetary amount of registered applications for which no decision has been made on the award or rejection must be at least equal to the remaining available budget of the activity and the applications are processed in the order in which they

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<sup>54</sup> Except for AC 4.3.4 which, although points are awarded, should in practice be considered conformity assessment.



were submitted. Neither the regulation nor the approved evaluation methodology includes a clause for this in AC 4.2.3. The pre-application with the highest score for the selection criterion with the largest proportion is preferred in the case of AC 12.3.1 of the ISA. For the ACs of the EICs, the regulation provides that the application for support lasts until the budget of that call for proposals is exhausted, although no direct rule of conduct has been mentioned.

115. **In conclusion**, the selection methodologies for rolling applications are significantly dependent on the specific nature of each activity. Generally, practices of assessing different ACs are similar within IAs. Despite the differences, the selection methodologies of all the ACs analysed are consistent with the general selection methodology. The only observation that can be made is the lack of a clear code of conduct for choosing between applications with equal results, which, however, has not been a problem in practice.

### ***Compliance of the selection criteria with the general selection criteria***

116. The selection criteria of the ACs in the sample were largely in line with the general selection criteria. In ACs where the selection criteria were divided into sub-criteria (4.2.3, 4.4.1.2, 4.4.2.2), the general selection criteria were included in the sub-criteria. For example in AC 4.2.3, the applicant's ability was assessed in two different sub-criteria of the selection criteria. On the other hand, there were no sub-criteria in AC 4.4.2.1, but two of the criteria meeting the general selection criteria were evaluated under one criterion. Measure 6.1.1 of KredEx does not use separate selection criteria and compliance with the requirements of the regulation is evaluated instead. Also, in AC 4.3.4 and AC 7.1.1, no scores are awarded to the applicant's ability.
117. The proportions of the selection criteria of the analysed ACs were reasonable and generally corresponded to the specific nature of each AC. For example, in AC 4.4.2.2, the proportion of the applicant's ability criterion of the total score was very small compared to other ACs, but that was because the emphasis was on the capability of the service provider rather than the applicant. On the other hand, in an interview with Archimedes, it was mentioned that the proportion of the evaluation of the business plan might be too large for AC 4.2.3: since applied research is supported, the development plan that the study is based on should have a bigger proportion. At the same time, it was found that the economic efficiency of the applicant is important in order to ensure the implementation of the projects, therefore the proportion of the business plan is relevant.
118. In most of the ACs, except for AC 4.4.2.1 and 12.3.1, the criterion of the impact of the project on the objectives of the measure had the largest proportion. For most of the ACs, cost-effectiveness had the smallest proportion. Only ACs 4.2.3 and 12.3.1 evaluated the connection with cross-cutting issues. For AC 4.2.3, connection with regional development, environmental protection, development of civil society, insurance of gender equality and equal opportunities, harmonised governance and promotion of the information society was only evaluated if it was appropriate based on the content of the application. In this AC, the additional criteria form the largest proportion of all the selection criteria.
119. Selection criteria based on the specific nature of a measure will be added to the selection criteria approved by the monitoring committee. In two ACs of the EE – 4.4.1.2 and 4.4.2.2 – an additional criterion is considered when evaluating the applications. The additional criterion of AC 4.4.1.2 evaluates the impact of the project on the cooperation between vocational education institutions, applied higher education institutions and higher education institutions in the area of R&D, and the project's contribution to growth areas of smart specialisation. The additional criterion of AC 4.4.2.2 was the impact of the project on the long-term cooperation between the applicant and the service provider. The inclusion of both additional criteria in the evaluation is based on the specific nature of the measure. Additional criteria were also used in the ACs of the ISA – a total of three criteria that were also based directly on the specificity of the measure.
120. The IAs are generally satisfied with the selection criteria and their proportion. The EE mentioned that the criteria for entrepreneurship ACs (4.4.1.1, 4.4.1.2, 4.4.2.1, 4.4.2.2, 5.1.2) could be more flexible. At the same time, it was found in the case of ACs of the creative

industry that the more the criteria were explained, the less questions the applicants had. It was suggested for rolling applications of entrepreneurship measures that the selection criteria could be less detailed – excessive fragmentation and small details could have an impact on the overall picture – the big picture, i.e. whether the company deserves the support or not, should be important.

121. According to the employees of the EE, no strong applications have been eliminated due to the selection criteria, however, some individual projects that failed to achieve the project objectives have been supported. At the same time, however, the proportion of such projects is negligible and does not affect the achievement of the final objectives of the support. There have only been a few problematic and unsuccessful projects and recourse claims in all the ACs analysed. The main reason why projects fail is changes in the business environment. There have also been only a few complaints in the ACs analysed.
122. **In conclusion**, the selection criteria of the ACs are in accordance with the general criteria and are explained based on the specific nature of each measure. If sub-criteria are used, the selection criteria are generally explained and help to thoroughly (perhaps too thoroughly for some of the ACs of the EE) evaluate the applications according to the IA. Despite the fact that the selection criteria of several ACs are not a complete match with the general selection criteria, their compliance has still been assessed when the measures are proceeded – either under the sub-criteria or one criterion. One observation is that the criterion of contribution to cross-cutting issues is underused.

Table 5 Table of comparison of the selection criteria for activities with open rolling application (SC = selection criteria)

IA	Archim	EE							ISA	KredEx	EIC			
AC	4.2.3	4.4.1.1	4.4.1.2	4.4.2.1	4.4.2.2	5.1.2	5.3.3	5.3.4	12.3.1	6.1.1	4.3.1	4.3.4	6.2.4	7.1.1
<b>Selection criteria</b>														
Impact of the project on meeting the objectives of the measure	30%	35%	55%	20%	38%	35%	30%	30%	7%	YES	50%	1+1+1	YES	YES
Relevance of the project	21%	20%	10%	50%	20%	25%	25%	25%	20%	N/A	10%****		YES	YES
The cost-effectiveness of the project	21%	15%	13%		8%	15%	20%	20%	16%	N/A	30%	1+1	YES	YES
The ability of the applicant/beneficiary (and partners) to carry out the project	18%	30%	13%	30%	4%	25%	25%	25%	15%	N/A	10%****	N/A	YES	N/A
Project's impact on cross-cutting issues	10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4%	N/A	N/A	N/A	N/A	N/A
<i>Additional criterion</i>	N/A	N/A	10%*	N/A	30%**	N/A	N/A	N/A	38%***	N/A	N/A	N/A	N/A	N/A
<b>Rating scale</b>	1–5	0–4	0–4	0–4	0–4	0–4	0–4	0–4	1–5	no scores awarded	0–4	1 or 0	YES/NO no scores awarded	YES/NO no scores awarded
<b>Total score threshold</b>	none	>=2.50	>=2.50	>=2.50	>=2.50	>=2.50	>=2.50	>=2.50	>=2.60	all requirements of the CGS are met	all eligibility requirements are met + total score >= 30% i.e. 1.2.	meets all the SCs	all requirements of the CGS are met	all requirements of the CGS are met
<b>Thresholds for the selection criteria</b>	SC 1 >= 3.0; SC 2–4 >=2.00	all SCs >=2.00	SC 1–3 >= 2.00, no SC 4 threshold	all SCs >=2.00	all SCs >=2.00	all SCs >=2.00	all SCs >=2.00	all SCs >=2.00	>=1.50		all SCs >=0	all SCs >=0		

\* The project is a part of the measure's preferences: the impact of the project on cooperation with vocational, applied higher and higher education institutions in the field of R&D is evaluated. In addition, the project's contribution to the growth areas of smart specialization (ICT, health technologies and services, more efficient use of resources) is evaluated. Preference is given to projects that meet at least one requirement.

\*\* Impact of the project on the long-term cooperation between the applicant and the service provider. Note! For ACs 4.2.3, 4.4.1.2, 4.4.2.2, some of the general selection criteria were evaluated under sub-criteria, i.e., the proportion of the selection criteria provided in the table does not correspond to the percentages provided in the regulation; the proportion of the criteria was established by multiplying the sub-criteria and the selection criteria.

\*\*\* Inclusion of the project in the ICT investment objectives of the applicant or ICT strategy of the applicant institution and ranking in the possible alternatives to meeting the objective (11%), innovativeness of the project that will create measurable value for the applicant and social and economic gain for the society (13%), relevance for the sustainability of the project's activities (14%).

\*\*\*\* The selection methodology provides a total of 20% for the applicant's ability and the project's relevance. Since these are two different general selection criteria, they have been conditionally divided in two (10% / 10%) in the analysis.

Source: synthesis of the evaluators based on the CGSs and selection methodologies of the IA.



### ***Clarity and transparency of the methodology***

123. The assessments of the ACs of this implementation scheme have been clear and transparent. Information on ACs (including the IA's selection methodologies, composition of the evaluation committees) is available to the applicants. The selection methodologies of the IA have not been disclosed for some individual ACs of the EIC, but their applications are evaluated on the basis of compliance with the CGS, and since the selection methodologies do not explain the content of the criteria, it cannot be considered a shortcoming. In order to ensure the transparency of the selection systems, counselling of the applicants (information days, preliminary consultations) will also take place before the applications are submitted (for all ACs) and, if necessary, during the processing of the applications (e.g. in case of the EE).
124. For all the ACs, the applicants receive a decision at the end of the measure procedure where they see the scores they were awarded for each criterion and justifications for the scores given. During the interviews, the IAs confirmed that the applicants who did not receive support had not submitted any complaints regarding unclarity of the decision not to grant support. In those ACs where the final evaluation and the decision to approve the application are carried out by the evaluation committee, the latter has the right to change the scores awarded in the first stage, but in such case the changes must be reflected in the evaluation report. Therefore, all stages and the changes made in them must be relevant and disclosed to the applicant.
125. According to the IAs, the evaluators themselves consider the selection criteria used to be understandable and clearly written. For example, the EE organises training for the evaluators to ensure that the criteria are understandable. Archimedes has also made sure that the evaluators have a clear understanding of the evaluation process. In the case of conformity assessments, it may be more difficult to assess the actual compliance of the application with the technical requirements, but sectoral experts have been involved in the assessment to ensure it (for example, expert assessment of construction works is used in KredEx).
126. The IAs confirmed that a lot of additional information needs to be taken into account in this implementation scheme and the decision is reached after careful consideration. Since there is no reference framework for rolling application as there is for round-based application, the funding decision for each application must be thoroughly considered. If the evaluator has doubts regarding the fulfilment of the criteria, requests for additional information will be sent to the applicants. Also, for example in the case of AC 4.4.2.1, if the applicant's ability is questioned, a meeting is arranged with them. In addition, the applicant is invited (AC 4.4.1.1) to present their project to the evaluation committees from time to time.

### **E.2 Open application: round-based**

127. The sample consisted of 16 ACs, where an open round-based application scheme was implemented. For six of the ACs, the IA was the EIC, for four the EE, for three the SSSC, for two the, evaluation of the AC was organised by Innove, one of the ACs belonged to Archimedes, and one to the ISA.
128. All of the ACs of the EE were evaluated in two stages. First, the applications were evaluated by an employee of the EE based on the selection criteria and their evaluation was forwarded to the sectoral evaluation committee in the second stage. Preliminary site visits were conducted for tourism ACs (5.1.8.1 and 5.1.8.2) if needed (for example in the case of construction sites). Evaluation was also carried out in two stages in the SSSC and ISA. Preliminary site visits are relevant and necessary in the case of construction projects to ensure that the support is implemented where it is allowed pursuant to the application. First, the members of the evaluation committee assessed the applications individually, and in the second stage, a joint assessment was prepared at the committee meeting. Three-stage evaluation was conducted for AC 4.1.4 of Archimedes. In the first phase, local and external experts assessed the applications individually. In the second stage, the same experts evaluated the applications, but this time together in the committee. In the third stage, negotiations were held between the applicants and the members of the committee. In this AC, negotiations were also carried out where necessary to change the content of the application, which did not result in a change

of scores but did allow the applicants to make their applications more detailed. Compliance with the outcomes of the negotiations were evaluated in the revised applications and a final score was given.

129. In the case of ACs implemented by the EIC, more emphasis has been placed on compliance checks rather than the selection criteria, and evaluation is often not carried out in rounds with lower application activity (e.g. AC 8.1.7, 4.3.5). This means that if the amount of the applications received is below the budget of that round, everyone who meets the eligibility criteria is granted support. The initial compliance check is carried out by the project coordinator of the IA, after which the assessment experts will evaluate the project. The EIC involves external experts hired for the evaluation. The projects are divided among the experts and an individual assessment is given first. The evaluation committee then deliberates and approves these evaluations by consensus. Additional questions can be asked in all stages if the evaluators have doubts about the fulfilment of the criteria.
130. Although the preliminary consultation requirement does not result from the selection methodology approved by the monitoring committee and is not a prerequisite for the call for proposals, it is a widely used practice. Preliminary consultations took place both in ACs of the EE and in ACs 5.4.3 and 5.4.4 of the SSSC. Mandatory preliminary consultation was conducted in the ACs (5.3.1, 5.3.2 and 5.3.7) of the EE, where the application was evaluated based to the evaluation criteria. Preliminary consultation was also offered for tourism ACs, but it was not mandatory. In SSSC, the applicant also has the right to receive preliminary consultation<sup>55</sup>, in which the IA draws attention to possible technical and material shortcomings of the proposed application and makes recommendations and proposals for their elimination. Information days and participant consultation or submission of additional inquiries to ensure compliance with the criteria are also organised for measures of the EIC. According to the IAs, preliminary consultation and other activities for inclusion of and communicating with applicants are relevant and help to ensure the improvement of applications.

### ***Adherence of the selection methodology to the general selection methodology***

131. According to the general selection methodology, if there are multiple selection criteria for awarding scores, it is necessary to determine their proportion, which may be equal or different, and the rating scale. In all the ACs of the EE, SSSC, ISA, Innove and Archimedes, the applications were scored and different proportions had been established for the selection criteria. Each also had a different rating scale. Generally, the scales consisted of five points: either 1–5 or 0–4. Some criteria for AC 2.5.1 of the SSSC also used a scale of 1 to 10. Compliance-based scale (yes/no) or three-point scale (either 1,2,3 or 0, maximum points or half of the maximum) were used for the measures implemented by the EIC.
132. According to the evaluation methodology principles approved by the monitoring committee, a ranking must be established in the case of round-based application and the applications with the highest score are satisfied in the scope of the funding budget. Rankings had been established for all ACs, and all ACs, except most ACs of the EIC, had a threshold for either selection criteria, total score, or both (Table 6). Establishing a threshold is provided for the general selection methodology in the case of round-based application only if it is relevant. However, consideration could be given to establishing a threshold for those measures of the EIC that do not have one at present to exclude funding of inefficient projects if competition is low.
133. Thresholds had been established for the ACs of the EE, Archimedes, SSSC and ISA for both the evaluation criteria and total score. For example, the ranking of AC 2.5.1 did not include a project with a total score below 50% of the maximum score. The total score threshold for AC 12.3.1 of the ISA was 2.60 and none of the selection criteria could be below 1.50. The thresholds were quite similar for the ACs of the EE, only the total score threshold for the tourism ACs was higher by 0.25 points (2.75). This was relevant according to the IA because

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<sup>55</sup> This was not a mandatory part of application and it was neither a prerequisite nor an obstacle to the application.

the amounts of the supports were large and they had to ensure that only the best receive funding. Similarly, a high total score threshold also been set for ACs 5.4.3 and 5.4.4 of the SSSC and AC of the ISA.

134. As a rule, establishing a threshold for individual selection criteria seems to be relevant. Different aspects of the applications are evaluated and each aspect has been added to the evaluation criteria for a reason. If an application does not receive enough points under some criterion, it means that some important aspect has not been met or considered. Thresholds had been established for all criteria of most of the ACs of both the SSSC and the EE. For AC 2.5.1 of the SSSC, thresholds had only been established for those criteria that were very directly responsible for the implementation of the project (e.g. the for cost-effectiveness sub-criteria). In AC 4.1.4 of Archimedes, a threshold had only been established for the first criterion ‘the applicant’s ability’ – the threshold was 4 (from a maximum of 5). This was a justified decision because the measure is intended to support centres of excellence, and the applicant’s ability, in particular their scientific capability, played a crucial role.
135. Because of the wording of the lowest level of the selection criteria scale 1–3 of AC 10.2.1 of the EIC, the activities were only relevant to a limited extent and contributed minimally to the objectives of the measure.<sup>56</sup> Since there was also no threshold, projects that have a dubious impact on the objectives of the measure could have received financing if there had been less competition. This kind of methodology entails the risk of funding projects that do not promote meeting the objectives of the support and also do not meet the other general selection criteria. According to the IA, this has not been a problem, since such projects are already excluded at the compliance check stage. Thus, the relevance of the rating scale can be questioned (a scale where the lowest level is not used in practice is implemented). Another way to avoid the financing of inefficient projects would be to establish a threshold.
136. For ACs 6.2.1. and 6.2.2 of the EIC, the rating criteria have been defined as levels corresponding to clear numerical values. At the same time, according to the IA, the actual choice has already been made in the compliance check stage, and the scoring will take place in the last stage where no project has been excluded from receiving the support (this situation may arise in the case of more intense competition). No thresholds have been established for the scores, so an application with very low scores may be eligible for the support if there is less competition. In essence, these ACs are subject to a compliance check but round-based application have been chosen to disperse the projects.
137. In the case of round-based application, a rule of conduct must be established for choosing between applications with equal results if the budgetary limit is reached (e.g. an individual criterion, drawing of lots). In AC 4.1.4, the applications where the applicant’s ability had received a higher assessment was preferred. If the results were still equal, preference was given to the application that had been submitted first. In the case of ACs of the EE, the application with the higher self-financing rate was preferred in the case of equal evaluation results; if this was also equal, the application that received a higher score with regard to the impact of the project on achieving the objectives of the measure was preferred. AC 5.1.8.1 of the EE also favoured a project that had a higher impact on the objectives of the measure; the project, that received a higher score for the additional criterion<sup>57</sup> was preferred in 5.1.8.2. In the AC of the ISA, preference is given to an application that received the highest score in the criterion with the biggest proportion; if the scores are equal, they move on to the selection criteria with less relevance; if the scores of all the criteria are equal, the preliminary application with the smallest amount applied for is favoured: The final solution is the drawing of lots. Generally, the rule of conduct established for equal results is based on the specific nature of the measure and it reflects the significance of the criteria.

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<sup>56</sup>“The fixed costs will increase significantly compared to the current situation and/or the activities can only be relevant to a limited extent and they contribute minimally to the objectives of the action. For example, only the question of parking has been resolved, while access to the railway stops using shared use paths or bus connections has not been resolved.”

<sup>57</sup> The conformity of the project with the promotion of developing a small ports network that would ensure a functioning port every 30 nautical miles.



138. Also, pursuant to the general selection methodology, the relevance and the compliance or non-compliance with the threshold shall be justified, unless the circumstances underlying each awarding of scores and compliance with the threshold are described in the methodology. Points granted to the criteria of AC 2.5.1 of the SSSC, the ISA and Archimedes have been explained. Only scores 0, 2 and 4 of the ACs of the EE have been explained. However, if scores 1 or 3 are awarded, the evaluators must justify it. A similar rule also applies to ACs 5.4.3 and 5.4.4 of the SSSC.
139. According to the principles of the evaluation methodology, the maximum allowed deviation range for the scores of the selection criteria shall be established, as well as a code of conduct if the deviation exceeds the permitted range, if consensual assessment not is carried out. Assessment is based on consensus for ACs of the SSSC and AC of Archimedes. The total score of ACs of the EE is calculated as an arithmetic mean and if there is significant deviation between the scores, this will be recorded. Since trainings are organised for the evaluators of the EE, the potential situation where evaluators could have a different understanding of the criteria has been mitigated. Archimedes finds that it is not necessary to establish a rule of conduct for large committees, since a few differences do not significantly affect the final assessment.
140. **In conclusion**, the selection methodology of the round-based applications included in the sample is in accordance with the general principles. A few individual ACs seem to have room for improvement and the assessment could be made more detailed and optimal. According to the IAs, they are satisfied with the methodologies and have not had any major problems in practice.

### ***Compliance of the selection criteria with the general selection criteria***

141. In most of the ACs analysed, the selection criteria are based on the general criteria (Table 6). It is common practice to use the general selection criteria as the main criteria and to describe them by means of sub-criteria (e.g. in the case of the EE, SSSC and ISA) to ensure that they are understandable and in accordance with the specific nature of the activity. There are also ACs that use the exact wording of the general selection criteria without explaining it in the context of the measure. For example, AC 8.1.7 uses criteria ‘the timetable for project activities is realistic’ or ‘the planned activities are cost-effective’ without giving further explanation to these assessment bases. Although such selection criteria also meet the general selection criteria, they are not explained to an extent that would allow them to be considered understandable and to ensure consistent assessment by different evaluators. Therefore, the assessments carried out by different evaluators may vary without justification.
142. Although all the general selection criteria are used for the most part, for example ACs 6.2.1 and 6.2.2 do not include the project’s relevance and AC 6.2.2 cost efficiency as an assessment criteria. In the case of AC 4.3.5, the applicant’s ability is not assessed at the evaluation stage, which may be both an evaluation and a compliance criterion according to the general assessment criteria.
143. For most of the ACs, the impact of the project or the relevance of the project carries the most weight. A notable exception here is AC 4.1.3 of Archimedes where the proportion of the applicant’s ability is 50%. The AC of the ISA was also somewhat different from other ACs: additional criteria formed the largest proportion (38%). In both cases, the proportions have been relevant and are clearly affected by the specific nature of the measure. The criteria of the ACs of the SSSC had been divided in two: the first evaluated the project’s compliance with the objectives of the measure and relevance, and the other the quality of the project’s preparations, including cost effectiveness and ability of the applicant.
144. The project’s impact on cross-cutting issues should be assessed where relevant. Nearly a third of the round-based applications included in the sample use contribution to a cross-cutting issue as an assessment criterion. For example in AC 12.3.1, the impact of the project on the cross-cutting issue of the information society was assessed and the project had to influence three more cross-cutting issues to get maximum points. The IAs / IBs justify the limited use of this criterion by the fact that in essence, the activities do contribute to cross-cutting issues and a separate assessment criterion is therefore not necessary.

145. In the interviews, the IAs confirmed that the proportion appointed to the criterion was relevant and has helped to select effective projects. In some individual cases, the proportions of the sub-criteria have been changed, but to a very limited extent and mostly, the fine-tuning takes place in the current stage of granting supports. If experiences from the previous round indicate that the criteria need to be changed, this will be done before the next round.
146. In addition to the evaluation criteria derived from the general selection criteria, additional criteria specific to the measures are also used. The proportion of additional criteria for all the ACs has been provided based on the specific nature of the measure. For example, in AC 5.1.8.2 of the EE ‘Supporting the development of small ports network’, an additional criterion assesses compliance with the objectives of promoting the development of a small ports network that ensures access to port services every 30 nautical miles. The additional criterion of AC 12.3.1 of the ISA, ‘Smart development (including analysis) of existing and new information systems’ assesses the project’s inclusion in the objectives of the ICT investments or ICT strategy.
147. **In conclusion**, most of the round-based applications are assessed by general selection criteria that have mostly been explained. One exception is for example AC 8.1.7 that uses general selection criteria ‘the timetable for project activities is realistic’ or ‘the planned activities are cost-effective’ without giving further explanation to these assessment bases. Although such selection criteria meet the general selection criteria, they are not explained to an extent that would allow them to be considered understandable and to ensure consistent assessment by different evaluators. Therefore, the assessments carried out by different evaluators may vary without justification. Another observation is that the criterion of contribution to cross-cutting issues is underused. Also, for example ACs 6.2.1 and 6.2.2 do not include the project’s relevance and AC 6.2.2 cost efficiency as an assessment criteria.



Table 6 Table of comparison of the selection criteria for sound-based application (SC = selection criteria)

	Archi medes	EE					SSSC			ISA	Innove			EIC					
AC	4.1.4	5.1.8.1	5.1.8.2	5.3.1	5.3.2	5.3.7	2.5.1	5.4.3	5.4.4	12.3.1	1.6.2	2.2.1.1	2.2.1.2	4.3.5	6.2.1	6.2.2	6.4.1	8.1.7	10.2.1
Impact of the project on meeting the objectives of the measure	25%	40%	50%	30%	30%	30%	23%	60%	60%	7%	20%	6	8	YES	30+20 +5 / 25+5	20+20	3	YES	20%
Relevance of the project	25%	20%	N/A	25%	25%	25%	29%			20%	25%	5	13	YES	N/A	N/A	YES	YES	
The cost-effectiveness of the project			30%	20%	20%	20%	22%	40%	40%	16%	15%	3	8	YES	30 / 15	N/A	YES	YES	25%
The ability of the applicant/beneficiary to carry out the project	50%	20%		25%	25%	20%	15%			15%	15%	2	4	N/A	5	20	YES	YES	20%
Project's impact on cross-cutting issues	N/A	N/A	N/A	N/A	N/A	N/A	7%	N/A	N/A	4%	5%	2	N/A	N/A	N/A	N/A	N/A	N/A	10%
Additional criterion	N/A	20%	20%	N/A	N/A	N/A	N/A	N/A	N/A	38%	20%	N/A	2	N/A	10 / 30 + 10	20+20	3+3	N/A	25%
Rating scale	1-5	0-4	0-4	0,2,4	0,2,4	0-4, except SC 1.2: 0,2,4	0-10	0-4, except SC 2: 2-4	0-4, except SC 2: 2-4	1-5	0-10, additional SC: 0-15	0-max		YES/NO	0, max 2, max	0, max 2, max	1,2,3	YES/NO Preferred criterion 10, 15, 20p	1,2,3
Total score threshold	none	>=2.75	>=2.75	>=2.50	>=2.50	>=2.50	none	>=2.75	>=2.75	>=2.60	>=55%	>=13	>=22	all SCs are met	NO	NO	>=4	All SCs are met	None
Thresholds for the selection criteria	SC 1>=4	all SCs >=2.50	SC 1 and 2 >=2.50	all SCs >=2.00	all SCs >=2.00	all SCs >=2.00	SCs 2.1, 2.2.1, 3.1.1, 3.2, 5.1.2 >=1	all SCs >=2.00	all SCs >=2.00	>=1.50	none	>0	>0		NO	NO	NO		None

Source: synthesis of the evaluators based on the CGSs and selection methodologies of the IA.



### **Clarity and transparency of the methodology**

148. The clarity, level of detail and comprehensibility of the criteria vary by ACs. For example, the creative industries ACs of the SSSC and EE have been very thoroughly explained with a great level of detail. The proposals of ACs of the SSSC mainly received a quantified assessment – for example, the evaluation was based on a formula (cost of establishing a place of service) or on numerical indicators (number of services provided). There were also subjective criteria (quality of the risk analysis). The criteria for AC 12.3.1 of the IA were recently updated, and according to the IA, the methodology is much clearer and more transparent. According to the EE, thoroughly devised evaluation criteria are useful for all parties to the application process – it is clear for the evaluators, what exactly they have to assess and it is easier for the applicants to understand, what they received points for or why they were not awarded points. It is also easier for the IA to resolve potential claims that may arise if the criteria are ambiguous. At the same time, the evaluation criteria of some smaller supports had been divided into excessively detailed sub-criteria. For example, in the case of the innovation voucher, the EE considered the use of sub-criteria to be unnecessary given the small size of the projects. Going into undue detail can hinder obtaining an overview of the project as a whole and can cause an unreasonable burden in the case of smaller grants.
149. Since the scientific level of the applicant was mainly assessed in AC 4.1.4 of Archimedes and this cannot be evaluated with quantified criteria (e.g. using bibliometric data) alone, the criteria had been explained with less details and relied on the expert opinion of the evaluators.
150. While in most cases the selection criteria had been explained in detail, there were also ACs where the selection criteria were rather ambiguous. AC 8.1.7 used the exact wording of the general selection criteria without explaining them in the context of the measure. For example, there were no explanations that would allow assessment, whether the schedule of the project's activities was realistic or whether the activities designed for achieving the objective were cost-effective. Such criteria cannot be considered clear, since each evaluator may interpret them differently, possibly leading to a high variability of the scores.
151. Some of the IA's selection methodologies also included ambiguity regarding the evaluation criteria and contradictions between the evaluation levels. For example, in the case of AC 6.2.1 and 6.2.2, the scales for 'Project sustainability' were not clearly distinguishable between 'Most of the networked buildings have been reconstructed' and '70% of networked buildings have been reconstructed' (i.e. these partly overlap). It is also unclear how the criterion 'Saved fossil CO<sub>2</sub> in tons' is evaluated if it has been provided that 'the points of the projects are to be ranked, with the most cost-effective project getting the highest points and the least-saving project getting 0 points'. There is no explanation as to how points are distributed if there are more than two applications. It is important to ensure that there are no contradictions and ambiguities in the application of the evaluation criteria.
152. The evaluation methodology of AC 10.2.1 of the EIC significantly specifies the selection criteria provided in the CGS, indicating the levels corresponding to the different scores. On the other hand, the individual scoring by five evaluators provided on the scores checklist (each evaluator awards a score of 1–3 to each criterion which are then summed up<sup>58</sup>) is not relevant. Since the criteria are fact-based (e.g. 'there are a maximum of 100 users per funding amount of EUR 1000'<sup>59</sup>), there is no need for each evaluator to evaluate this criterion separately. The IA also claims that this is not the case, so the evaluation sheets should be improved when organising new rounds.
153. In several ACs, the evaluators could obtain additional information on the information contained in the application. The way in which additional information is obtained varies. For

<sup>58</sup> 'Procedure for processing of the applications of the measure 'Connecting railway stations with various transportation modes' in the case of open calls'. Annex 2 CL for scores.

<sup>59</sup> *Ibid.*

example, in the creative industries ACs of the EE, the applicants are invited to a committee meeting where they can present their project and answer questions from the committee members. According to IA, this procedure is important for the applicants themselves; they get an idea of how their application is doing. Evaluators of the AC of Archimedes could ask additional questions regarding the content of the application. In measures of the EIC, inquiries could be sent to the applicants in all the stages of the evaluation. For some ACs, information not contained in the application could be taken into account in the evaluation phase. In most cases, this was also included in the regulation and/or evaluation methodology. For example, it was explained in an interview with the EE that completed projects of repeated applicants are examined and if these include warning signs, these will be considered in the assessment.

154. According to the general selection methodology, the scores awarded and compliance or non-compliance with the threshold must be justified. All the ACs require reasoning the scores and the assessment with justification regarding whether the support is granted or denied is sent to the applicants. The EE also provides feedback to the applicants by sub-criteria. In Archimedes, applicants can also see both the total score and the scores for the criteria. In addition, Archimedes also allows applicants access to individual assessments if they request it (the names of the experts are removed). According to the IAs, the outcomes of the assessments are disputed very rarely or never.

155. **In conclusion**, the selection criteria for most of the ACs analysed have been explained in a clear and understandable manner. Some ACs have more room for interpretation but the assessment generally includes sectoral experts and there is no need to question their assessment. The evaluation criteria of individual ACs analysed should be explained in more detail and there were inconsistencies in the criteria scales of one AC. The evaluation procedure was transparent for most of the ACs and the availability of the assessment methodology (including the names of the committee members / authorities) was ensured for the potential applicants. Among others, information days and preliminary consultations are carried out and in most cases, the selection methodologies and criteria are also published on the IA's website.

### E.3 Investment plans

156. The sample included four ACs for which the investment plan scheme was implemented – 2.4.2, 'Supporting investments in the infrastructure of primary health centres in local commuting centres, by ensuring accessible and all-round primary services' (rounds I and II (activity 1 and 2))<sup>60</sup>, 2.5.1, 'Reorganization of special care institutions'<sup>61</sup>, 4.1.1, 'Institutional development program for R&D institutions and higher education institutions', and 4.1.2, 'Supporting the research infrastructure of national importance on the basis of the Road Map'.

#### ***Adherence of the selection methodology to the general selection methodology***

157. According to the evaluation methodology approved by the monitoring committee, one of the selection methodologies for open calls, either open rolling- or round-based application must be applied when evaluating investment proposals to prepare an investment plan. Round-based application was used in all the ACs in the sample, meaning that the investment proposals were ranked based on total scores and the highest-rated proposals were included in the investment plan, considering the budget for financing.

158. The application consisted of two stages for all ACs, except the second round of AC 2.4.2. This means that, in the first stage, the applicants submitted investment proposals which were assessed by the selection criteria. As a result of the assessment, suggestions were made to the

<sup>60</sup> It took place in two rounds: in the second round, the establishment of primary health centres in local commuting centres (activity 1) and a county health centre (action 2) that did not receive funding in the first call for proposals were supported. The assessment methodologies for the first and second rounds and the two activities of the second round were somewhat different (proportion of the sub-criteria and thresholds).

<sup>61</sup> An open round-based application took place in the second round of the same AC (see chapter 2.1).



applicants regarding amendments to the projects, and AC 4.1.1 also included a proposal to everyone for negotiations<sup>62</sup>. Those submitting the proposal could then decide whether they agree with the proposals or not. Those proposals in the ranking that could fit in the scope of the budget received a decision to be included in the investment plan.

159. In the second stage, those who submitted a proposal that received a positive decision had to submit an application, which was no longer assessed, but was checked for compliance with the investment plan and with the applicant (and partner) requirements set out in the support granting conditions. In other words, the applications are not reassessed for the purpose of selecting a project, since the selection of projects according to the selection criteria had already been done by approving the investment plan. In interviews with the IA and IB, both parties found that the two-step process has not been justified since it has doubled the workload for both the applicants and the processors (especially if the same information had not been submitted in a form different than that of the first stage). Rather, it was found that the investment proposal and the application could be submitted in one step. In the second round of AC 2.4.2, it was decided to merge the two separate stages so that the proposal was also an application and the decision to include it in the investment plan was made based on that.
160. In all the ACs, the evaluation committee evaluated the proposals. In AC 4.1.2, the members of the evaluation committee evaluated the proposals individually, more specifically, one of the proposals was evaluated by at least three members of the evaluation committee under criteria 1 to 4. In addition, the IA appointed a rapporteur for each proposal, who gave an overview of the proposal and the individual assessments of the proposal at the evaluation committee meeting, and in turn proposed a sixth criterion. In ACs 2.4.2 and 2.5.1, the proposals were evaluated by a selection committee which consisted of representatives of the responsible authorities (ministries, R&D institutions). All members of the committee also evaluated the same applications, however, the institutions assessed the specific criteria of their field. A steering committee was established for AC 4.1.1 in addition to the evaluation committee. The preliminary evaluation was carried out by an evaluation committee (20 experts, including members of the Riigikogu and employees of the MoER and researchers) whose decisions were in turn reviewed by the ASTRA steering committee.<sup>63</sup> The latter confirmed the total score and made a proposition for funding and being included in the investment plan.
161. Experts with an advisory role could be involved in the evaluation. In an interview with Archimedes, it was mentioned that no additional experts were needed for the evaluation committees. According to the IA, the committee included sectoral experts whose expert opinions have not been questioned. The SSSC used the help of external experts for assessing the financial analysis. Therefore, the ACs of the sample have evaluators who are suitable for choosing effective proposals.
162. According to the general selection methodology, if there are multiple selection criteria for awarding scores, their proportion (equal or different) and the rating scale must be established. Scores were awarded to all the ACs in the sample of this implementation scheme by selection criteria (and sub-criteria) and proportions had been established for the criteria which varied for different criteria. The rating scales of different ACs also varied. The ACs of the SSSC included several criteria that could not be evaluated under a harmonised scale: for example, there were criteria that were assessed on a scale of 1–15 but also some that were scored with a zero or one. Scores between 1 and 5 were awarded in AC 4.1.1. In AC 4.1.2, some

<sup>62</sup>Negotiations were held with the applicants in AC 4.1.1 where the evaluation committee could make a proposal to change the application rate and funded amount based on the scores awarded to a proposal and the proposal's position in the general ranking. The evaluation committee could make proposals on the activities of the projects. Negotiations were not held in other ACs.

<sup>63</sup> The ASTRA steering committee – a team of experts tasked with monitoring the efficiency of ASTRA, conducting interim evaluations, making proposals to the implementing agencies and intermediate bodies for better implementation of projects and ASTRA, and performing other duties resulting from this order. Order No. 17 of the Minister of Education and Research. <https://www.riigiteataja.ee/akt/121122018036#>

of the selection criteria were assessed on a scale of 1 to 4, however, the rating scale for the additional criteria was different –<sup>64</sup> 0, 2, 4.

163. In order to ensure that only projects that make a significant contribution to the objectives of the activities and are of high quality are financed, thresholds may be set for points awarded on the basis of one or more selection criteria or the total score. Evaluation criteria thresholds had been established in all the ACs. In AC 2.4.2, the threshold for all the selection criteria was ( $\geq 1$ ), in other ACs, thresholds had only been established for some of the criteria. These were the criteria with a larger proportion that had a considerable impact on carrying out the project in the future (e.g. cost-effectiveness). A threshold for the total score had also been set for AC 2.4.2 of the SSSC.
164. According to the principles of the evaluation methodology, the maximum allowed deviation range for the scores of the selection criteria shall be established, as well as a rule of conduct if the deviation exceeds the permitted range, if consensual assessment not is carried out. Consensual assessment was carried out in all the ACs of the SSSC. In AC 4.1.1 of Archimedes, the total score was calculated as arithmetic mean, the same method was also used for some criteria of AC 4.1.2. Although this clause was not included in the evaluation methodology, the IA confirmed in the interview that there were no major variations in scores and since the committee included a large number of evaluators, a few fluctuations would not have changed the result. According to them, implementing the rule of conduct is relevant in cases where there are few evaluators and the fluctuations hold more weight.
165. In the case of an open rolling application, a rule of conduct must be established for choosing between applications with equal results if the budgetary limit is reached (e.g. an individual criterion, drawing of lots). All the ACs included this rule of conduct. In the ACs of the SSSC and AC 4.1.2 of Archimedes, selection was made based on the evaluation criteria in the case of applications with equal results. In AC 4.1.1, lots would have been drawn in the case of equal results.
166. Therefore, all the principles of the methodology approved by the monitoring committee had been met when evaluating the proposed investment plans (except for the establishment of the maximum deviation range of scores for Archimedes ACs, which did not, however, play a significant role in the evaluation).

### ***Compliance of the selection criteria with the general selection criteria***

167. The selection criteria are in compliance with the general selection criteria. The application has been evaluated based on aspects adhering to the general criteria in all the ACs. In ACs of the SSSC, the selection criteria had been explained using sub-criteria. For most of the ACs, the impact of the project or the relevance of the project carries the most weight. Cost-effectiveness and the applicant's ability to carry out the project had been awarded smaller proportions in all the ACs. The proportions of the evaluation criteria of the ACs can be found in Table 7.
168. The project's impact on cross-cutting issues was only evaluated under AC 2.4.2. The IA found that AC 2.5.1 should have also considered impact on cross-cutting issues. Since accessibility (insurance of equal opportunities) was not evaluated in the proposals, negotiations had to be held with the beneficiaries in the projects implementation stage to ensure accessibility in the projects. This shortcoming was corrected in the second open call of the same AC. According to

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<sup>64</sup> The assessment of the 5<sup>th</sup> criterion of AC 4.1.2 was based on the evaluations given to the objects of the Estonian Development Fund's Roadmap which were approved by the Government of the Republic<sup>64</sup> (evaluation of the objects applied for outside the Roadmap was carried out during the evaluation process, involving experts if necessary) and the evaluation of criterion 6 takes into account, whether the proposed infrastructure project is one part of the object of the ESFRI Roadmap or contributes to its construction.

the interviews with the IA and the IB, they were carefully monitoring that the criteria help to choose effective projects and that weaknesses are eliminated from the process as soon as possible.

169. In ACs 4.1.1 and 4.1.2, the proposals were also evaluated using additional criteria. The selection criteria of all the ACs have been established based on the specifics of the measure. According to the IAs and IBs, the proportions are relevant and facilitate choosing effective projects.

Table 7 Table of comparison of the selection criteria in the case of investment plans

IA AC	SSSC				Archimedes		
	2.4.2		2.5.1		4.1.1		4.1.2
	I round	II round			A1	A 2-7	
		A1	A2				
<b>Selection criteria</b>							
Impact of the project on meeting the objectives of the measure	30%	30%	25%	30%	30%	35%	30%
Relevance of the project	25%	25%	30%	30%	30%	25%	20%
The cost-effectiveness of the project	15%	15%	20%	25%	25%	10%	15%
The ability of the applicant/beneficiary (and partners) to carry out the project	15%	15%	15%	15%	15%	10%	15%
Project's impact on cross-cutting issues	15%	15%	10%	N/A	N/A	N/A	N/A
<i>Additional criterion</i>	N/A	N/A	N/A		N/A	20%*	10%**
<i>Additional criterion II</i>	N/A	N/A	N/A		N/A	N/A	10%***
<b>Rating scale</b>	depended on SCs (1-15)	depended on SCs (1-15)	depended on SCs (1-15)	depended on SCs (1-15)	1-5	1-5	SC 1-4 scale 0-4; EC 5 and 6 scale 0, 2, 4
<b>Thresholds for the selection criteria</b>	all SCs >=1.00	all SCs >=1.00	all SCs >=1.00	SC 2.1, 2.2, 3.1 >=1.00	SC 1, 2 and 3 average score > = 3.00	SC 1 and 2 average score > = 3.00	SC 4 average score > = 2.00
<b>Total score threshold</b>	>=50	>=50	>=70	none	none	none	none
<b>Basis for the total score</b>	Consensus				Arithmetic mean		Consensus/ arithmetic mean

\* Contribution of activities to strengthening the areas of responsibility, meeting the development needs of smart specialisation growth areas, and increasing the ability of the institution to serve the interests of the society and the economy, including development of cooperation with companies.

\*\* Link between the project and smart specialisation growth areas (including the link between the infrastructure object and smart specialisation growth areas).

\*\*\* Link between the project and the ESFRI Roadmap objects (including the link between the infrastructure object and the ESFRI Roadmap objects).

Source: synthesis of the evaluators based on the CGSs and selection methodologies of the IAs.

### Clarity and transparency of the methodology

170. In order to ensure a common understanding of the evaluation criteria and methodology, the IAs introduce the evaluation process before the proposals are evaluated. For example, in the ACs of Archimedes, a briefing was organised for the members of the evaluation committee before the individual evaluation, during which the evaluation guide and investment proposals were introduced. According to Archimedes, the evaluators had no problems understanding the criteria. The SSSC also introduced the evaluation process to the members of the committee before the evaluation. In addition, in AC 2.4.2, evaluators were instructed on the sources to be used in the assessment (to ensure equal treatment of the applications), and it was checked, whether the evaluators have understood the criteria correctly.
171. Although the criteria were explained differently in the SSSC and Archimedes and their level of detail varied, the methodology of both IAs ensured adequate evaluation. In the ACs of the

SSSC, the proposals were mainly evaluated as quantifiable estimates -- for example, the evaluation was based on a formula (the number of service points to be created, the ratio of the number of persons in the lists of family physicians) or the self-financing rate, the residents served, etc. was assessed. There were also subjective assessment criteria, including whether the project solutions were most suitable from the alternatives, the positive impact of the project on the staff of the institutions, etc. An interview with the IB revealed that they are satisfied with the dominance of objective criteria in the evaluation methodology. The level of detail and unambiguity of the criteria was acknowledged. The criteria of ACs of Archimedes were less explained and there was more room for interpretation. However, in those criteria that left room for subjective assessment, scores could be awarded in increments of 0.5, allowing to place the assessment between the points of the criteria. In addition, the assessment could be changed by 0.5 to 1 point at committee meetings in relevant cases (for example if there had been a misunderstanding regarding an evaluation criterion). In criteria that were numerical or if simply compliance with an indicator were checked, scores were awarded in integers (increments of 2).

172. In all the ACs, information on the evaluation methodology and criteria was available to the applicants on the homepages of the IAs. In an interview with the IB they explained that in AC 2.4.2, applicants were consulted in the proposal preparation stage. Also, according to the general selection methodology, the scores awarded and compliance or non-compliance with the threshold must be justified. In all the ACs, scores were relevant and applicants received an overall assessment at the end of the procedure. In Archimedes, the applicants could see the overall assessment and scores by criteria. In addition, the IA also allowed applicants access to expert evaluations, if requested (names of the experts were removed).
173. Therefore, IAs have taken all the necessary measures to ensure unambiguous understanding of the criteria and that assessment is based on equal footing. The evaluation was transparent – availability of the evaluation methodology (including the names of the members of the committee / institutions) to potential submitters if proposals was ensured.
174. **In conclusion**, in ACs that implemented the investment plan scheme, the assessment process was in accordance with the evaluation methodology and general criteria of the monitoring committee. In the interviews, representatives of the IA and IB confirmed that they are satisfied with the selection criteria and their proportions and that the process has helped to choose effective projects. In all the ACs, those interviewed from the IAs and IBs admitted that the funded proposals included projects that raised concerns, however, there were no activities that were not carried out and different criteria or proportions could not have helped to avoid such problems. The only shortcoming they perceived was the two-step nature of the process which could be made more compact and the bureaucracy associated with could be it reduced.

#### E.4 Granting support for the IB's activities

175. For GSAIBs, the general selection methodology provides that in preparing GSAIBs, it shall be ensured that the supported activities are in accordance with the general selection criteria and that an assessment of this is included in the explanatory note. Where granting support for the implementation of the GSAIB is continued, the general selection methodology of open calls must be followed.<sup>65</sup> Since the general selection methodology is generic for GSAIBs, the IA has reserved the right to choose the methodology that allows to ensure compliance of the activities with the selection criteria (Table 8).
176. In practice, GSAIBs can be implemented in different ways. In the course of this assessment, the application of selection criteria and methodologies of five GSAIBs was analysed. For two, the IB was the MoSA (AC 2.2.1 and 3.1.2; IA: Innove), for two, the MoF (AC 5.4.2 and 12.1.2;

<sup>65</sup> The selection methodology applied to all priority axes of the operational programme of the Cohesion Policy 2014–2020 and to the measures implemented under them.

IA: the SSSC) and for one, the MoER (AC 1.6.2, IA: Innove). Among the GSAIBs analysed, only AC 5.4.2 was further supported.

177. In essence, there are two different aspects of GSAIBs where compliance with the general selection criteria should be monitored. On the most basic level, the selection of supported GSAIBs takes place during their development when the priority axes are established and the activities that the GSAIB is planned to support are described. The second aspect is specific activities. The following analyses the application of the selection criteria described in the context of ACs for both aspects.

### ***Application of the selection criteria when preparing a GSAIB***

178. As with other implementation schemes, selection criteria are not evaluated separately in this stage, however, the developers of the GSAIB take the selection criteria into account. This stage mainly focuses **on the purposefulness and relevance of the activities**, including what activities are required to solve the problems and achieve the objectives. To this end, consistency with the objectives of the priority axis and the measure and the problems addressed by the measure will be taken into account. Establishment of the activities of the GSAIB is determined by the Operational Programme. In all the GSAIBs included in the sample, compliance with the general selection criteria had been described in the explanatory note (in accordance with the GSAIB's general selection methodology). A somewhat different practice is used in measure 5.4.2 – in addition to the GSAIB for preparing employment and entrepreneurship schemes, all support programmes under which the activities are supported have also been approved with a separate directive. Selection criteria based on the general selection criteria are applied when selecting support programmes. Although the amount of the support is predetermined, the purpose of this assessment is to ensure the quality of the support programme. Hence, the MAKs need to keep improving the support programme until it receives a positive score according to the selection criteria.
179. The efficiency of the activities will be observed during monitoring (including contribution to achieving the indicators agreed on) and changes will be made to the GSAIBs (or the underlying operational programme) if necessary to ensure contribution to the objectives of the measure. In order to analyse the consistency of the input and selection criteria, inputs are also provided by various evaluation projects which typically address the relevance, impact, efficiency, as well as cost-effectiveness of the activities. Changes can be made in the activities based on the evaluations.
180. Since the implementer of the activities is also determined in the GSAIB, ensuring the applicant's ability to carry out the activities is important when preparing the GSAIB. The IAs and IBs of all the GSAIBs analysed found that the implementers of the activities were capable and that their ability to carry out activities was high.<sup>66</sup>
181. In the case of the GSAIBs analysed, the activities were implemented by state agencies (e.g. MoER, MoSA, the Government Office, the Unemployment Insurance Fund) that also play the role of a policy maker or implementer. The ability of the applicant to carry out the activities is thus ensured. In the case of AC 5.4.2, the activities were implemented by county development centres, where the ability of the beneficiary also arises from the organisation's main operational function (e.g. the task of county development centres is to support the development of entrepreneurship in the counties) and previous experience in carrying out similar projects. In the case of the senior managers development activity (AC 12.1.2) implemented by the Government Office and the development of a working environment that preserves and spares work ability (AC 3.2.1) of the Unemployment Insurance Fund, activities to increase the capability of the beneficiary have been designed in the programme to increase the capability of the beneficiary. A separate competition has been organised in AC 1.6.2 to find partners suitable for implementing specific activities.

<sup>66</sup> Interviews with the IA formed the input.



### Applying the selection criteria when selecting specific activities

182. The practice of selecting specific activities and implementing the selection criteria related to it was somewhat different for the ACs analysed. **In the case of AC 5.4.2**, county development centres (implementers of the activities) must submit annual project applications that are also approved by the selection committee (based on the selection criteria that are in accordance with the general selection criteria) in addition to the support programmes.
183. In the other GSAIBs analysed, the selection criteria are not directly evaluated even during the preparation of the activities. **In selecting activities for AC 12.1.2**, the implementer submits an annual proposal of action plans that is discussed in the sectoral committee. In addition to representatives of the IAs and IBs, the sectoral committee also includes representatives of the secretary generals (target group of the activity) and various experts with whom the action plan is discussed and coordinated. At this level, **the relevance of the activities, their impact on meeting the objectives, as well as cost-effectiveness** is discussed (i.e. the cost of the planned activities is in line with the expected result).
184. **When implementing GSAIBs applied by the MoSA and MoER**, specific activities are agreed on by preparing annual or biannual action plans. However, there are no sectoral committees for these GSAIBs and the IA and IB check the compliance of the activities with the GSAIB's framework based on action plans submitted by the beneficiary. In addition, the cost-effectiveness of specific activities **is ensured** with public procurements and unit prices are used for AC 1.6.2. For AC 12.1.2, feedback from the participants plays an important role in evaluating **the relevance and impact** of the activities.
185. **Contribution to cross-cutting issues** mostly results from the nature of the supported activities and these are not viewed as a separate criterion in the case of GSAIBs. Contribution to cross-cutting issues is outlined in the GSAIB's directive.

Table 8 Application of the selection criteria in the GSAIBs analysed (IA and IB provided in parentheses)

Selection criteria	AC 12.1.2 (MoF / SSSC)	AC 5.4.2 (MoF / SSSC)	AC 2.2.1, 3.1.2 (MoSA / Innove) and AC 1.6.2 (MoER / Innove)
Purpose limitation	<ul style="list-style-type: none"> <li>Considered when preparing the GSAIB</li> <li>Considered in sectoral committees (including representatives of the beneficiary and experts)</li> <li>Feedback mechanisms</li> <li>Analysis and evaluation of the Annual Implementation Reports</li> </ul>	<p>The evaluation takes place in two stages:</p> <ul style="list-style-type: none"> <li>Evaluation of the support programmes on the basis of selection criteria that meet the general criteria</li> <li>Evaluation of the specific projects on the basis of selection criteria that meet the general criteria</li> </ul> <p>Analysis and evaluation of the Annual Implementation Reports</p>	<ul style="list-style-type: none"> <li>Considered when preparing the GSAIB</li> <li>Considered when approving annual action plans</li> <li>Analysis and evaluation of the Annual Implementation Reports</li> </ul>
Relevance			
Cost-effectiveness			
The ability of the applicant/beneficiary	<ul style="list-style-type: none"> <li>Selection of the beneficiary based on the function and previous experience</li> <li>Activities of the GSAIB to increase the ability of the beneficiary</li> </ul>	<ul style="list-style-type: none"> <li>Two-step evaluation (see cell above)</li> <li>The ability of the beneficiary is ensured by past experience and the function of the main activity</li> </ul>	<ul style="list-style-type: none"> <li>The beneficiary is a policy maker or implementer</li> <li>Activities included in the GSAIB to increase the ability of the beneficiary</li> </ul>
Cross-cutting issues	Based on the nature of the supported activities, no additional attention has been paid	Based on the nature of the supported activities, no additional attention has been paid	Based on the nature of the supported activities, no additional attention has been paid

Source: synthesis of the evaluators based on the GSAIBs

186. **In summary**, it can be concluded that all the TARTs analysed are in line with the general selection methodology, since the explanatory notes contain an explanation of compliance with the general selection criteria. The general selection criteria are usually not evaluated under the GSAIBs (except for AC 5.4.2), however, compliance is ensured through various control mechanisms such as sectoral committees, analysis of the Annual Implementation Reports, thematic or general evaluation projects, conducting public procurements, use of unit prices, inclusion of activities that increase the ability of the beneficiary in the GSAIB. Thus, it can be concluded that the GSAIBs analysed also ensure compliance with the general selection criteria and methodology and the selection systems support the implementation of effective activities.



## Annex F The current state of the implementation of the Operational Programme as at 31.12.2018

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Added as a separate Excel spreadsheet.

The table contains three sheets:

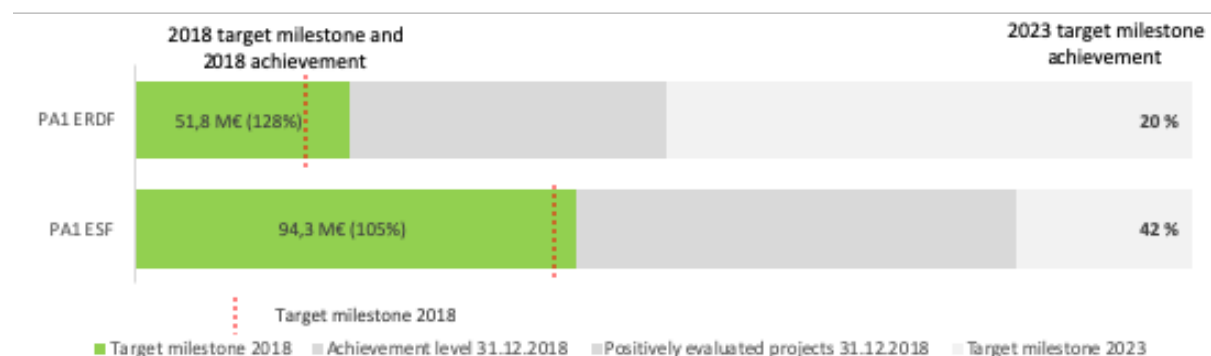
- 1) List of measures of the Operational Programme used in the evaluation (as at December 2018).
- 2) Achievement levels of financial, output and result indicators as at 31.12.2018 (including the achievement levels of output indicators for both completed and on-going projects as at 31.12.2018).
- 3) Common indicators of ESF as at 31.12.2018.

## Annex G Evaluation of the efficiency of the priority axes<sup>67</sup>

### G.1 Evaluation of the efficiency of axis 1, ‘Development of education support services and ensuring their accessibility’

187. The objective of PA1 is **to develop education support services and ensure their accessibility**. The sub-objectives are to: 1) reduce early dropouts from school and the education system; 2) improve the teaching competences of teachers, teaching staff and youth workers; 3) introduce modern and innovative learning resources; 4) reorganise the school network, 5) bring vocational and higher education in line with the needs of the labour market and improve the people's competitiveness in the labour market. The PA contributes to achieving a number of result indicators (see Annex F). In addition, the activities affect the achievement of the objectives of several strategic documents, e.g. ‘Estonia 2020’, ‘Welfare Development Plan’, ‘Europe 2020’.

Figure 11 Status of ERDF and ESF payments under priority axis 1 as at 31.12.2018



Source: SFOS

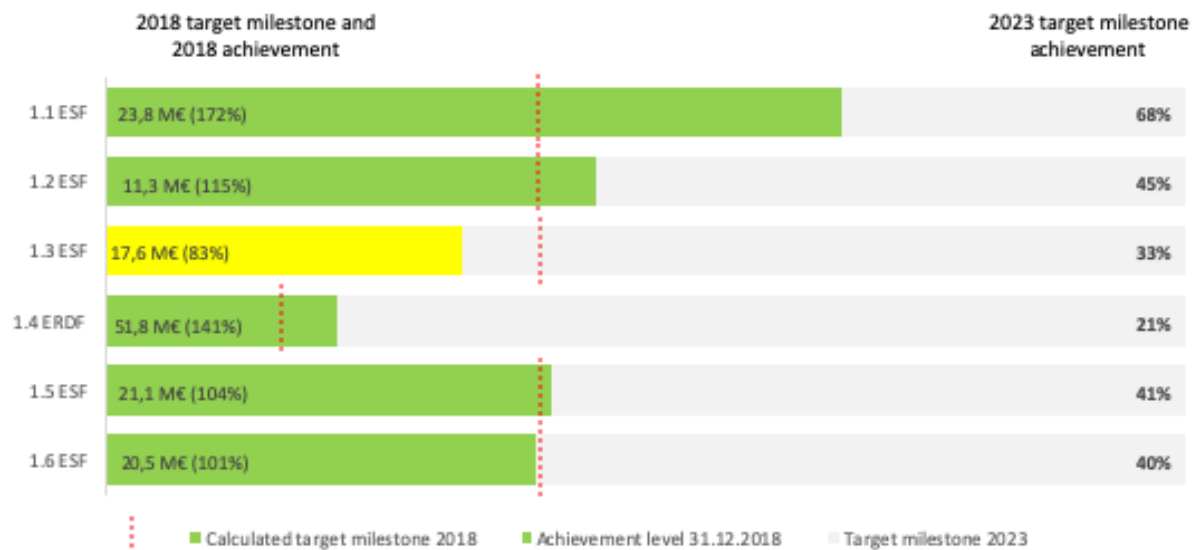
188. The efficiency of PA1 can be considered good: as at 31.12.2018, 18 out of 21 output indicators i.e. 86% had been achieved by at least 85%. There is no information for two indicators<sup>68</sup>, two indicators have been achieved by less than 65%<sup>69</sup> and one indicator by 67%. For nine indicators (41%), the achievement level for 2023 has also been achieved by at least 85%. The financial indicators for activities 1.3.2 and 1.5.5 have been under-achieved, but since the target milestones have been achieved by nearly 85% on the ERDF and ESF measures level (see Figure 11 and Figure 12) and most of the output indicators have also been achieved, the evaluators do not consider it a problem.

<sup>67</sup> The data includes the achievement levels of output indicators for both completed and ongoing projects as at 31.12.2018.

<sup>68</sup> The evaluation did not take into account the 1.6.3 PIAAC study indicator as it was only included in the activities at the end of 2018.

<sup>69</sup> According to the representative of the MoEAC, the output indicator for AC 1.6.3 ‘Number of participants in digital literacy training’ had been achieved by at least 85% as at 31.12.2018. However, according to the extract from SFOS submitted by the party who ordered, this indicates under-achievement. The evaluation considered the level of implementation achieved as at 31.12.2018, not the number of supported projects.

Figure 12 Achievement of the target milestones of priority axis 1 by measures as at 31.12.2018



Source: SFOS

189. Even though **most indicators have been achieved**, the evaluation points out that the activities need to be continued. In measures 1.1 to 1.3 and 1.5 to 1.6, greater attention needs to be paid to the quality and efficiency of activities and to the application of the knowledge gained in trainings (the indicators do not reflect these aspects). This could be mapped using satisfaction with the content of the trainings and activities, follow-up trainings, and by requesting feedback on implementation of the knowledge and skills. Although feedback needs to be requested separately for each activity, the Operational Programme could include the average score of all the activities. It is also important to continually use this input to improve the efficiency and quality of the activities.
190. **In the case of activity 1.3.1**, more attention must be paid to the availability and use of the developed learning resources. **In the case of activity 1.5.3**, the development of entrepreneurship education and updating of the study programme needs to be continued as it supports the provision of education that meets the needs of the society better, prepares for participation in the labour market more efficiently, and also supports the achievements of other priority axes (e.g. PA2, 3, 5) and strategic documents, decreasing, among others, the volume of measures focused on outcomes or their activities.
191. Participants of the workshops carried out during relevance evaluation were critical about measure 1.4.1: due to changes in population and urbanisation, more attention needs to be paid to ensuring that the upgraded facilities are used in as many ways as possible (maximum use of the upgraded facilities, e.g. turning schools into community centres so that the rooms are also used outside school hours). The reorganisation of the school network (1.4) has led to conflicting opinions among local and state specialists, as well as the society. The impact of the reorganisation of the school network on the quality of education and the attractiveness of regions cannot yet be assessed.
192. For activities that have also achieved the 2023 target milestones, the relevance of the level of indicators established is questionable, since the indicators should be motivating. The evaluators disagree with the opinion of the participants of group interviews that the target milestones do not need to be reviewed or changed in a situation where target milestones have been achieved and there is a significantly higher need for activities.
193. Documentary analysis, workshops, group interviews, and peer reviews indicate that **a number of factors have both inhibited and favoured the achievement of the outcomes**. According to the IAs and IBs, the main reason for not achieving the activities and financial

indicators is the longer time required to prepare for the activities and the subsequent delayed launch of the measures (e.g. measures 1.1.2, 1.2.1, 1.3.1, 1.4.2, 1.6.2). Among others, the performance and efficiency of the activities have been influenced by:

- Decreasing population and urbanisation, and the desire and need (including in education and training) for individual approach and high-quality services.
- The local government reform has facilitated or hindered the reorganisation of the school network, depending on the region.
- The lack of expert service providers (e.g. measure 1.1.2) renders it quite difficult to offer support and consultation.
- The lack of support specialists in schools and competence of the school staff in dealing with those requiring support, providing primary consultation and increasing tolerance for differences hinders the achievement of the result indicator of e.g. measure 1.1.1 ‘Proportion of students with severe special educational needs (disabilities) in regular schools’.
- Aging teaching staff and the lack of new teachers hinders the implementation of e.g. measures 1.2.1, 1.3 and 1.5 (difficulties in finding a substitute to participate in refresher trainings, sometimes slow adaptation of elderly teachers to the digital developments), but facilitates the reorganisation of the school network (1.4).
- The changes brought about by the reform of measure 1.1.2 resulted in some staff changes which slowed down the implementation of the measure.
- The long-term nature of the activities implemented under the measures and the fact that their efficiency is revealed over a longer period hinders the achievement of the objectives (e.g. for measure 1.3.1, cooperation with different parties and preparedness to use modern learning resources are necessary, the duration of studies is 1.5–3 years in measure 1.5.3, meaning that the results are revealed in the future, for measure 1.5.5, the expenses are compensated at the end of the project, therefore achievement of the financial indicator is delayed).
- The lack of digital resources with relation to the number of students, insufficient skills of teachers and pupils, and poor preparedness to use the digital learning resources, uneven quality and fragmentation of the electronic learning resources, and the limited motivation of publishers to contribute to the e-Koolikott of the learning resources (technical limitations of the e-Koolikott, development of the learning resources) make it difficult to carry out the activities of measure 1.3 and achieving their objectives.
- Lack of cooperation between schools, companies, career counsellors, the Unemployment Insurance Fund and other parties, and the specific division of responsibilities in the implementation of the measures and activities and in linking learning and career activities with labour market needs, and mainly depending on input received from large companies in activities mapping labour market needs hinders the effectiveness of the measures and activities and achievement of the objectives ( including e.g. measure 1.5)<sup>70</sup>.
- According to the focus group interview, increase in the number of youth workers contributed to achieving the results of activity 1.2.2.
- According to the interview with the focus group, alternative support opportunities for carrying out language studies have hindered the achievement of the outcomes of activity 1.5.5; pursuant to other sources, the necessity and focus of the activity needs to be reviewed in combination with other similar opportunities.

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<sup>70</sup> For more details, see the mid-term evaluation of the Lifelong Learning Strategy (report still in preparation as at 22.04.2019).

- Shortcomings in self-reflection skills make it difficult for adults to develop their competences, including the selection of appropriate trainings and maximising the potential impact of the trainings (measures 1.2 and 1.6).
  - The attitude of the target groups of the measures and the public towards the activities and their relevance (including insufficient communication of the activities) hinders effective performance of the activities and (substantial) achievement of the objectives (this is a problem with all the activities).
194. Despite these obstacles, **support received from the EU Structural and Investment Funds has contributed to the achievement of the objectives of the priority axis**, in particular together with PA2 and PA3. At the same time, the activities so far have not been sufficient to achieve all the result indicators (e.g. ‘the proportion of students with severe educational special needs (disabilities) involved in regular schools’). Some activities will affect the result indicators over a longer period of time (e.g. the ‘rate of successful completion of apprenticeships’) or making a distinction between support from the structural and investment funds and the contribution of other measures is difficult. More attention should be paid to the student-centred nature of education, including the integration of pupils with special needs (disabilities) into regular schools and lifelong learning, making the respective activities more efficient (e.g. similarly to activities 1.2.2 and 1.6.3: focusing on target groups in peripheral regions, organising trainings with a longer duration and lower number of participants instead of achieving a higher number of training participants, etc.) to have a greater impact on the achievement of the result indicators and the achievement of the substantive objectives. All the more so as it also affects the activities of PA2 and 3 as a preventive activity. According to the interim evaluation of the LSS, a system for evaluating the need for training should be established (or combined with the current system of the Unemployment Insurance Fund and in cooperation with local governments) to increase the systematic training of people with lower competitiveness and provide people with primarily necessary training. This kind of system would allow to evaluate the training need and guide the person to a training most suitable for them (formal education, training of key competences selected based on need or ordered state refresher training in a specific field). Trainings would all be for a fee, although those guided to the trainings would receive compensation through the system of detecting training needs using the state budget, Structural Funds or services of the Unemployment Insurance Fund.
195. According to the evaluation, **the result indicators generally support achieving the objectives of the PA**, meaning that they are relevant. For the purposes of the PA, repeat participants should be counted once not multiple times when determining the number of participants (e.g. activity 1.6.3). Although providing the number of schools and square metres per student is reasonable when evaluating the efficiency of the activities, it is not rational on the PA level, since this facilitates directing resources from real estate to specialists, presumably resulting in an increase in the quality of education, i.e. these are indirect result indicators in the context of the objectives of the PA. If the aim is to increase the number of students engaging in vocational education after acquiring basic education, the indicator ‘Number of schools that offer secondary education’ could be replaced by ‘Ratio between study places in general secondary education and all secondary education study places’ according to the interim evaluation of the LSS, and the indicator’s value should be decreased. Because there are shortcomings in the definition of the number and proportion of schools with a digital infrastructure, consideration could be given to monitoring the number and proportion of schools that received support from the measure according to interim evaluation of the LSS because 1) modernised digital infrastructure has not been defined; 2) the problems the schools are facing because of digital infrastructure vary and the resources can be used for several purposes; 3) the proportion of the schools that received support is easy to calculate based on the support reports. The interim evaluation of the LSS recommends clarifying the wording of the indicator ‘Number of fields that have developed innovative learning resources’ as follows: ‘The number of subjects in general and secondary education where digital learning resources have been developed’.
196. The evaluation also identified some opportunities for achieving the objectives and target milestones of the PA **more effectively**. Documentary analysis and workshops revealed the need to increase the transparency of the activities, simplify the application process, and

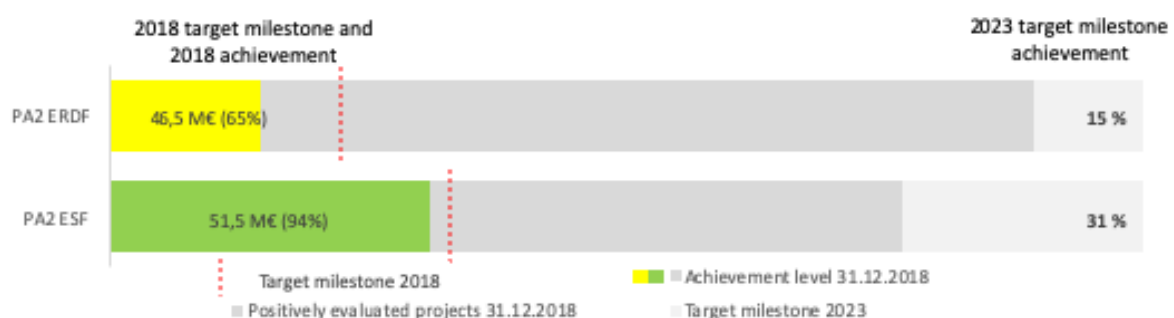
communicate the work that is already being done or is completed in a more effective way. The representative of the MoER also pointed out the need to review the conditions for granting support and the monitoring system.

197. The PA includes activities of a different nature that are aimed at very different target groups and thus there can be no single response **to the persistence of the results and insurance of sustainability**. Reducing and preventing school dropouts and providing lifelong learning require continuous work due to the changing environment and changes among teachers, support staff and students. It is therefore an activity that needs continuous funding, whereas it is especially important to turn greater attention to reaching the target groups to ensure the sustainability (and impact) of the activities. It can be assumed that the willingness of the people and employers to engage in self-development and contribute to self-improvement will increase over time when this becomes a habit and they understand the need for lifelong learning, however, the continuation of some state activity is required for providing equal opportunities. Although major restructuring of the school network will be finished in the current period, it can be assumed given the future demographic changes and lack of teachers that there will also be need to reorganise the school network in the future.
198. Considering that 1) most of the activities are necessary in the future as well; 2) these are resource-intensive activities; 3) the budget of the state and local governments is limited, the volume of activities is likely to decrease without the SF support. At the same time, the report of the National Audit Office <sup>71</sup> and contact with the representatives of the MoER, MoSA, MoI and MoEAC **indicated that the need to continue with the activities** is understood and they are looking for opportunities for this even without the SF support. Considering the objective of the PA, insurance of the sustainability of the activity could be facilitated by the preparation of a labour needs monitoring forecast using public resources, and linking the system with the activities of the Estonian Qualifications Authority (considering, among others, the opportunities to link the collections) according to the interim evaluation of the LSS.

## G.2 Evaluation of the efficiency of priority axis 2, 'Increasing social inclusion'

199. In order to increase social inclusion, the objectives of the priority axis are as follows: 1) improve access to health services and social services; 2) invest in the health and social care infrastructure; 3) promote equal opportunities and active participation and improve employability. The activities include services for caregivers of disabled children, establishment of childcare facilities, welfare services, family-based foster parenting, support services for those released from prison, services aimed at reducing alcohol consumption, establishment of regional health care institutions and health centres, adaptation of housing for disabled people, adaptation and integration programmes, support for returning young people to education and transitioning into the labour market.

Figure 13 Status of ERDF and ESF payments under priority axis 2 as at 31.12.2018



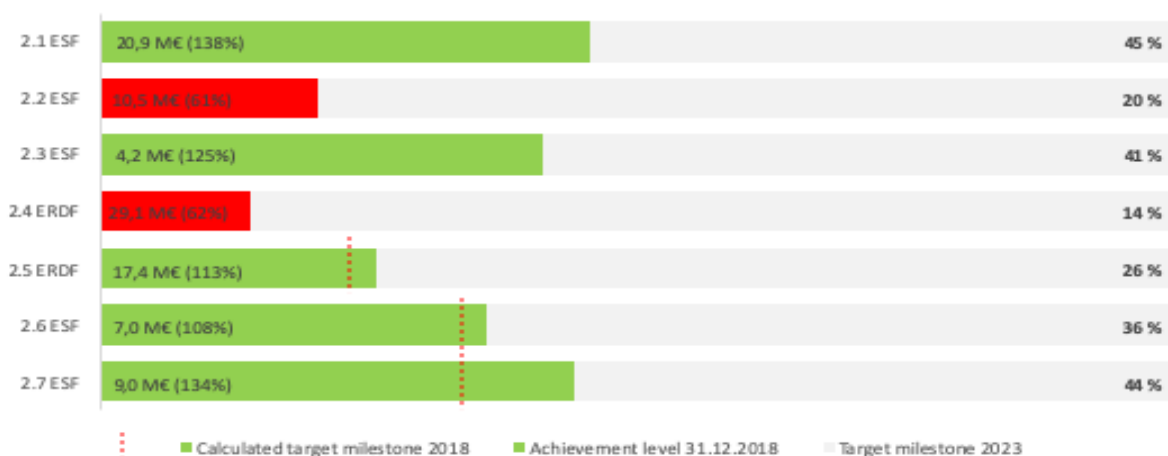
Source: SFOS

<sup>71</sup> <https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/976/amid/557/language/et-EE/Default.aspx>\*



200. As at the end of 2018, 83% of the target milestone of the ESF funds and 65% of the target milestone of the ERDF resources have been achieved (see Figure 13). The financial indicators of activities financed from the ESF funds are generally above target milestones. At the same time, in the case of activity 2.2.1 'Welfare services for elderly, people with special needs and those with coping difficulties and their family members to support their employment' of measure 2.2 'Welfare services supporting participation in the labour market', 54% of the target milestone of the resources and 86% of the result indicator have been achieved (see Figure 14). One challenge faced in the implementation is low application activity in the open calls (see also the overview of the factors affecting efficiency on the following page). In addition, the target milestone of activity 2.6.3 'Development and implementation of support networks concept' of measure 2.6 'Creating opportunities for increasing active employment and social activity of permanent but poorly integrated Estonian residents, and to support the adaptation and subsequent integration of new immigrants' has been achieved by 49% and 20% with relation to the result indicators. The challenge was the delay in launching the measure and the capability of local governments. Although the target milestone of measure 2.7.2 'Inclusion of youth with criminal background in the labour market' has been achieved by 153%, the result indicator 'number of youths at risk receiving the support' was achieved by 58% and the result indicator 'number of youths who completed the programme' by 54%. First and foremost, the challenges are finding clients in this complicated target group, reduced unemployment and inactivity, and the readiness and ability of local governments to implement the measures during the administrative reform.

Figure 14 Achievement level of the target milestone of priority axis 2 by measures as at 31.12.2018



Source: SFOS

201. 50% of the financial indicator level of **activity 2.4.1 'Modernization of competence centres in the hospital network' of measure 2.4 'Ensuring accessible and high-quality health care services to increase staying in and return to employment'** funded from the ERDF resources of the priority axis has been achieved (five units out of the six planned ones are finished) and 72% of the level of activity 2.4.2 'Supporting investments in the infrastructure of primary health centres in local commuting centres, by ensuring accessible and all-round primary services' has been achieved (13 units out of the 11 planned ones are finished). The outcomes that do not meet the expectations are a result of failed procurements that delay the implementation until the end of the period. At the same time, the current outcomes are affected by the fact that some projects have not yet received an activity licence, although construction has been almost completed. Hopefully, the set performance targets will be achieved by the end of the funding period. Similarly, for activity 2.5.1 'Reorganization of special care institutions' of measure 2.5 'Development of social welfare infrastructure, adapting environment to the needs of disabled people', the target milestone of the financial



indicator has been achieved by 134% and of the output indicator – number of high-quality places of service established – by 90% (576 places of service out of the 640 planned). The target milestone of the financial indicator for activity 2.5.2 ‘Physical adaptation of disabled people’s housing’ has only been achieved by 18%, whereas the target milestone of the output indicator – number of disabled people for whom suitable housing is ensured – has been achieved by 149%. This is caused by delayed launch of the activities, increased cost of procurements due to market prices, low application activity, as well as opposition of the community and apartment associations. It is therefore likely that achieving the target milestone by output indicators will remain a challenge until the end of the period, whereas the intermediate body finds that the implementation has been significantly more effective than the current data indicates.

202. In conclusion, the efficiency of the priority axis **has been affected by the following (according to the evaluation of the intermediate body and expert opinion of the evaluators):**

- Predicting the supply and demand of the measures, e.g. the demand for integration services is higher, the unit price of services aimed at disabled children is lower, and unit price of the alcohol prevention service has been higher.
- Decrease in unemployment and inactivity has affected the size of the target groups of the measures, e.g. the target group of services for people released from prison, and target group of NEET youth.
- Application activity has been lower than expected due to the preparedness of local governments (especially in North-East and South Estonia) and the Local Government Reform, e.g. in the open calls of welfare services.
- The rules of using the support often lead to considerable administrative burden (e.g. PA2 (2.1), including the limitations of the state support hindering cooperation with the private sector.
- Infrastructure procurements often fail due to increased market prices and frauds (one incident in welfare services) which has affected the launch of the activities.
- Support and understanding from the public is needed to implement the services, e.g. the service of adapting the housing of disabled people, services supporting integration or support for people released from prison have met opposition from the community and apartment associations.

203. In order to ensure the **sustainability of the efficiency of the priority axis**, the intermediate body finds it necessary to continue with the developed measures and activities, especially those activities where the result indicators refer to possible expected impact and where the funding is finished before the end of the period. For example, counselling of alcohol consumers; support services for disabled children will be funded until 2020–2021 according to the plan, however, the intermediate body finds that funding should be continued until the end of the period. This requires applying for additional funding and using the performance reserve.

204. In order to evaluate the efficiency of the infrastructure development measures, **indicators** that are more reflective of the outputs of the measure have been devised. For example, the development of the infrastructure increases the availability of health or welfare services and the current result indicators describe the number of places, admissions or institutions. Therefore, indicators (health indicators, coping indicators) that characterise the actual result of creating social inclusion and welfare need to be devised or acknowledgement that the output indicators are sufficient for evaluating the efficiency of implementing the measure is required.

205. Pursuant to the 2017 audit report of the National Audit Office,<sup>72</sup> the provision of social services mainly funded from EU supports may decrease if the necessary EU supports are not received in the next EU budget period. At the moment, a detailed exit strategy for transferring

<sup>72</sup> Funding of State tasks from the supports of the European Union  
[https://www.riigikontroll.ee/Portals/o/Upload/ELi%20raha%20audtit\\_30.11.2017\\_LOPP.pdf](https://www.riigikontroll.ee/Portals/o/Upload/ELi%20raha%20audtit_30.11.2017_LOPP.pdf)

the funding to other funding sources has not been developed. The experts of the intermediate body find that different approaches are possible for different measures:

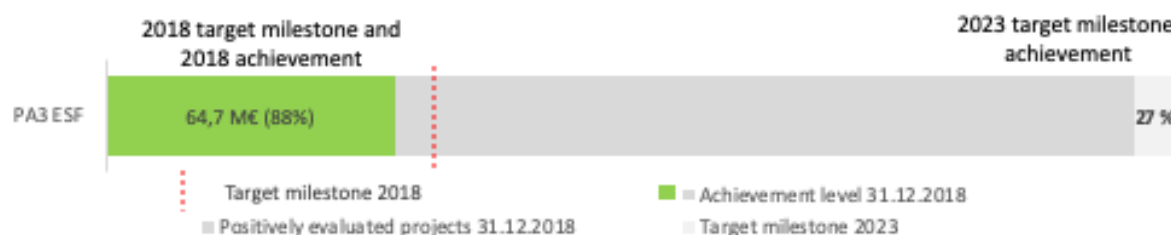
- the condition for financing health institutions, health centres and welfare institutions was the expectation and ability to manage the institutions after the support has been granted;
- the exit strategy for services aimed at decreasing alcohol consumption is funding them from the health insurance means (social tax, general proceeds of the state budget);
- social services provided by local governments are expected to be funded from the budget of the local governments, including the support of local governments with a lower income, higher costs or other type of lower ability from an additional support fund;
- services provided by the central government are planned to be funded from the state budget;
- in addition, there are hopes that the measures will be continued to be funded from the means of the Structural Funds budget period (2021–2027).

206. With relation to this, the intermediate bodies have planned to analyse the possible need-based nature and funding models of the services or activities that would support the continuation of the activities after the end of the Structural Funds budget period in the course of the (mid-term) evaluations the measures.

### G.3 Efficiency evaluation of priority axis 3 ‘Improving access to the labour market and prevention of labour market drop-out’

207. The objective of using the means of priority axis 3 has been achieved if: 1) the proportion of people with decreased work ability in the labour market and employment has increased and the decrease in the work ability of the working age population has decelerated; 2) the employment of target groups with lower employability who participate in active labour market services has increased. The interventions provide people with decreased work ability with services that support remaining in employment or seeking employment and support entry into and remaining in employment and access to jobs for target groups with lower employability. The interventions increase the employment of disabled, young, elderly and long-term unemployed persons and decelerate the increase in regional differences in employment and unemployment.

Figure 15 Status of ESF payments under priority axis 3 as of 31 December 2018



Source: SFOS

208. The intermediate body estimates that the target milestones of the output indicators and financial indicator of the measures will be achieved by 2023 (see Figure 15 and Figure 16). The 2018 mid-term evaluation supports this. The 2018 target milestones of the output indicators of the priority axis have been exceeded. The 2018 target milestone for people with decreased work ability – the number of people who have had access to services via the work ability reform – was 31 420 and the actual level was 36 221 (achievement level compared to the target milestone was 115%).

209. The 2018 target milestone for the number of activities supporting employers and employees was 540 and the actual achievement level was 746 (achievement level compared to the target milestone was 138%). The 2018 target milestone for the number of participants in active labour market services was 5380 and the actual achievement level was 10 037 (achievement level compared to the target milestone was 187%). These good outcomes probably result from changes made to the target group of the interventions and rules of the interventions according to the situation of the labour market in the course of implementing the activities and the fact that the demand for the services turned out to be higher than planned.

Figure 16 Achievement of the target milestones of priority axis 3 by measures as at 31.12.2018



Source: SFOS

210. Because the target milestone of the output indicators of the measures was exceeded, the target milestone of the financial indicators of the measures was also exceeded in terms of expenses. 101% of the 2018 financial indicators' target milestone of the entire priority axis was achieved. The achievement level of activity 'Provision of active labour market services' (3.2) was 94% as at the end of the year. At the same time, coverage by agreements has already increased and the intermediate body estimates that the target milestone will be achieved by the end of the period.
211. The result indicators of the priority axis exceed the 2018 target milestone and two of the three indicators also exceed the 2023 target milestone. The proportion of unemployed persons, including the proportion of unemployed persons who have found employment within six months after the end of the programme, was 60% (2023 target milestone 40%). The proportion of people with decreased work ability who were not engaged in employment and who found employment within 12 months after receiving services via the work ability reform is 42% (2023 target milestone 26%). The proportion of people with decreased work ability who were engaged in employment and who retained their position within 12 months after receiving services via the work ability reform is below the target milestone (79%, the 2023 target milestone is 90%).
212. The use of the funds and efficiency of the measures have been affected by changes in the labour market – the good condition of the macro economy results in high demand for labour, increasing the employment rate and decreasing the unemployment rate. Impact on the implementation of the measures has varied:
- the implementation of some labour market services pursuant to the initial rules was inefficient, as it proved difficult to find clients adhering to the criteria. Therefore, the conditions for being eligible and applying for the measure have been made less restrictive and the target group has been expanded (e.g. measures for young long-term unemployed persons, regional services, services aimed at recent immigrants);
  - the transition of labour market service users to employment has been faster and easier thanks to the high demand for labour. As a result, the deadweight of the interventions may be higher, since the employment opportunities of service users may have improved as a result of changes in the labour market rather than improvement of employability through the services. This has also somewhat lowered the costs of interventions, since activation and support are now less expensive than with low demand for labour.

213. The efficiency has also been affected by **the logic of the interventions**. Activities of the work ability reform were launched later, in 2017 instead of 2015, and the activities are implemented gradually. As a result, the transition of persons with decreased work ability into employment is supported by increased demand, whereas persons with greater decreased work ability and lower employment ability are yet to enter the measures (including all persons receiving pension for incapacity for work who will enter by 2020) and their activation and support requires higher influence with measures.
214. The starting point for developing the **result indicators** of the activities and measures of the axis has been the characterisation of transitioning to employment after participating in the measure (e.g. persons with decreased work ability who are not engaged in employment and who found employment within 12 months after receiving services via the work ability reform). In this case, the indicator does not show in the best way possible, to what extent the transition of participants of the measure to the labour market differs from the transition of persons who did not participate in the measure to the labour market. Therefore, result indicators showing whether the transition of participants of the measure into employment or remaining in employment is better than others need to be devised (for example, how the transition to labour market of unemployed persons with decreased work ability who participated and did not participate in the measure differs).
215. In Estonia, measures supporting the participation of persons with lower employability, including with decreased work ability, in employment have been funded from the general proceeds of the state budget and social protection contributions – unemployment insurance premium and social tax. Compared to other Member States, the level of unemployment protection funding in Estonia is low (EU average 1.3% and 0.5% of the GDP in Estonia<sup>73</sup>). Therefore, additional means for developing and providing labour market measures are essential. According to the 2017 audit report of the National Audit Office<sup>74</sup> (Funding of State tasks from the supports of the European Union), the implementation of the work ability reform and provision of several labour market services funded from the EU supports may decrease if the necessary EU supports are not received in the next budget period. The intermediate body finds that a significant part of the activities funded with the help of the EU will also be necessary after 2020.
216. If EU supports are reduced, the most likely exit strategy is funding the interventions from the unemployment insurance premiums. The unemployment insurance reserves have increased over the past decade: thanks to high employment and increase in wages, the reserves had grown to nearly 800 million euros by the end of 2018. Although the reserves exceed the level prior to the previous economic crisis, the reserves may not be sufficient in the case of deep and long-term labour demand and unemployment depending on the level of the benefits provided and number of applicants.
217. Therefore, it should be analysed, which part of the employed and unemployed persons should receive which benefits and services in order to provide optimum protection for unemployment if resources are limited. This analysis and agreement with the stakeholders, including in the council of the Unemployment Insurance Fund that includes representatives of employees and employers, also helps to set the target for applying for and using possible EU supports.

#### G.4 Priority axis 4 ‘Growth capable entrepreneurship and research and development activities supporting it’ efficiency assessment

218. The **objectives** of the use of priority axis EU funds are the following: 1) R&D and higher education are of high quality and Estonia is active and visible in international RD&I cooperation; 2) research and development functions in the interest of the Estonian society and economy, and the RD&I system supports the economic structure becoming more knowledge-intensive; 3) increased energy and resource efficiency of companies as been

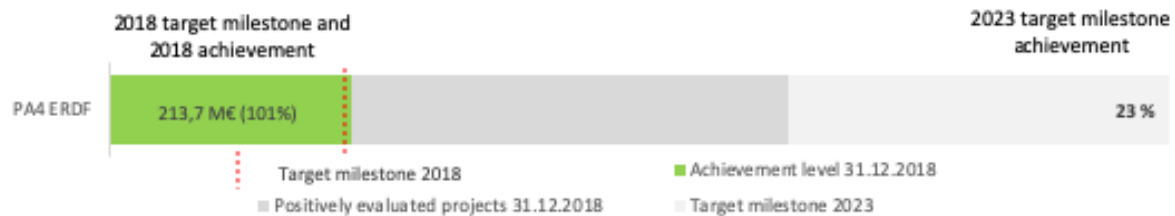
<sup>73</sup> EUROSTAT table spr\_exp\_fun, 2016

<sup>74</sup> Funding of State tasks from the supports of the European Union  
[https://www.riigikontroll.ee/Portals/o/Upload/ELi%20raha%20auditi\\_30.11.2017\\_LOPP.pdf](https://www.riigikontroll.ee/Portals/o/Upload/ELi%20raha%20auditi_30.11.2017_LOPP.pdf)

achieved; 4) Estonian companies efficiently produce high value-added products and offer innovative services. The measures should contribute to the objectives set by Estonia 2020 – in particular to raise the employment rate of 20–64 year olds to 76% and R&D investments to 3% of the GDP.

219. The implementation of the priority axis is generally going as planned.

Figure 17 Status of ERDF payments under priority axis 4 as of 31.12.2018

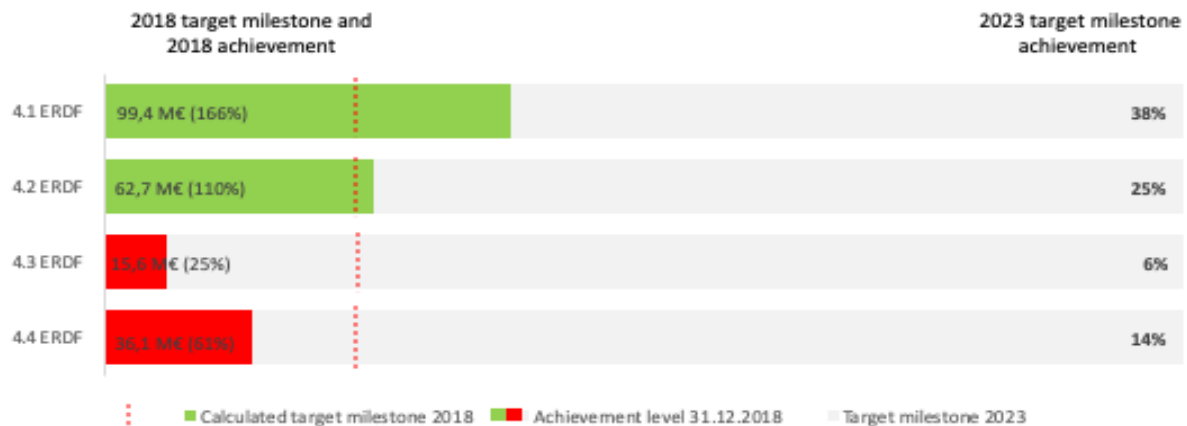


Source: SFOS

220. **The most efficient** measure has been the activity of raising the quality of higher education, internationalisation and developing cooperation (4.1). According to the financial indicators, the 2018 target milestones for all activities will be exceeded and the output indicators target milestones will also be exceeded, occasionally multiple times (which indicates the shortcomings in setting target milestones or methodology, see below).
221. Turning entrepreneurship more research-intense and applying R&D measures (4.2) that support it, is efficient both in most financial indicators and output indicators. The achievement level in regards to the financial indicator is lower (44%) for the activity 'R&D program for smart specialization in growth areas' (4.2.3) which is caused by the lesser attractiveness for the target group than expected due to the unfavourable conditions of the measure. In regards to 'Support for innovation-promoting procurements' the action has not been efficient, but steps have been taken in order to improve the situation (see below). According to the intermediate body the lower achievement level among output indicators that are linked to the cooperation of enterprises and R&D is caused by a faulty establishment of target milestones and the fact that they do not account for the actual level of innovation in business. Based on output indicators the implementation of measures aimed at providing companies with more innovative and higher value-added products / services (4.4), has been efficient.
222. The efficiency of the specific objective 'Increasing energy and resource savings in businesses' has been more of an issue. In regards to most financial and several output indicators no target levels have been reached (although there are on-going projects and target levels expected to be reached when they are completed). The broader issue is that companies are not prepared to participate in long-term projects and see risks in the projects of the resource efficiency sector. The restrictions linked to the state aid regulations were also mentioned.



Figure 18 Achievement of the target milestone of priority axis 4 by measures as of 31.12.2018



Source: SFOS

223. In regards to achieving **substantive objectives**, it can be said that the actions of the priority axis have been generally efficient. Estonian R&D and higher education have reached a higher level of quality and become internationally more competitive<sup>75</sup>. The connections between R&D institutions and entrepreneurs have been reinforced and companies have brought higher value-added and innovative products / services to the market. Nevertheless, a more substantial analysis is needed on the impact of measures to the important and long-term trends outlined in the chapter of relevance (digitalisation of the industry and 'Industry 4.0', global value chains, non-technological innovation) in the development of companies that operate in so-called traditional and low value-added but high employment and export volume requiring branches of economy, towards higher productivity and export. It is also alarming that there has been a decline among two result indicators - 'The amount of companies that have done innovation related collaboration with universities and other higher education institutions among all the interviewed companies', that has dropped from it's original level 4.2% in 2012 to 3.0% in 2016 and 'The share of the costs of private sector in R&D (% from the GDP), which has also dropped from 1.26% in 2012 to 0.68% in 2017. Achieving the target milestone of the overall objective of this strategy is not realistic, considering that other levels of achievement of the output indicators also refer to more fundamental problems in the Estonian economy.
224. It is also worth to pay attention to the **regional distribution** of support measures. From the perspective of R&D and innovation Estonia is characterised by a large regional development gap in the country. Companies in the Harju County and Tartu region are at the forefront of introducing Industry 4.0, integrating into global value chains, and implementing R&D-based innovation. Enterprises in Ida-Viru County and South-East Estonia are generally characterised by a small capacity to implement modern technological solutions, and significant obstacles include the low awareness of innovation among entrepreneurs from the older generation (Industry 4.0 solutions, etc.). The investment capacity of companies in Ida-Viru County and South-East Estonia (also in other peripheral regions) is significantly lower than in the vicinity of Tallinn and Tartu (issues with real estate collateral, lower capacity for self-financing, lower liquidity) with an additional lower administrative capacity. For example 61% of the applications that received funding for the measures implemented <sup>76</sup> in the framework of this axis by Enterprise Estonia come from Harju County and 16% from Tartu County; the distribution of the funded applications is even more inconsistent given the number of the counties' inhabitants (authors' calculation based on Enterprise Estonia's data). On the one hand, it is understandable as a large share of Estonian companies is registered in Harju and Tartu counties. On the other hand, one of the objectives of using ESIF is to achieve a more regionally balanced development in Estonia. The analysis of the relevance of the

<sup>75</sup> See e.g., 'Estonian Research 2019' [https://www.etag.ee/wp-content/uploads/2019/02/Eesti\\_teadus\\_2019\\_veeb.pdf](https://www.etag.ee/wp-content/uploads/2019/02/Eesti_teadus_2019_veeb.pdf)

<sup>76</sup> Measures 4.2.5, 4.4.1, 4.4.2 were observed.

objectives of the Operational Programme shows that the differences between major centres and peripheral regions are still very considerable. We therefore recommend that the objectives of balanced regional development would be further considered as horizontal objectives in which all priority axes must contribute. We therefore also recommend to introduce a stronger contribution in PA4 measures to regionally balanced development in Estonia.

225. Several **external factors** have contributed to achieving results, including:
  - support measures for the less developed countries to expand participation launched in the framework of the European Union research and development programs (e.g. Horizon 2020), where Estonia has been successful;
  - the establishment of the academic career system of researchers around high-level publications; this has had a positive impact on the number of publications published by Estonian researchers in WoS + ERIH A categories.
226. The biggest obstacles to achieving results have been:
  - time spent on the completion of similar activities of the previous period;
  - failed or postponed major construction procurements, additional time spent on new procurements;
  - reform of the network of research institutions and higher education institutions, which delayed the start of some activities;
  - the lower-than-expected capability of the measure target group (overall awareness, risk management awareness and the ability to draft competitive applications), in particular in the implementation of ‘Support for innovation-enhancing/promoting procurement’.
227. Support received from the EU Structural and Investment Funds has contributed to the achievement of the objectives of the priority axis, in particular together with PA5 measures. However, due to methodological uncertainty, the priority axis **indicators** have some shortcomings. For example, when introducing the indicator ‘Number of enterprises collaborating with research institutions’ it is likely that it was designated for R&D collaboration, but the assessment of the level of achievement has also taken into account collaboration in the fields of marketing, involvement in learning activities and other similar fields; it is also uncertain whether the companies involved in the projects are accounted for only once.
228. **The performance of measures** is constantly being improved. For example, in regards to ‘Support for innovation-promoting procurement’, the implementation unit has developed awareness-raising and competence-building activities to improve its capacity. The conditions for granting NUTIKA applied research aid were designed more favourable to companies. In order to understand how effective the changes have been, the impact of a particular change must be analysed and, if necessary, additional steps taken. More attention needs to be paid to the implementation of the **resource efficiency measure** (measure 4.3), which, if necessary must continue with the outreach activities already launched. The conditions of waste management in relation to poor projects were also changed - the impact of these changes must also be analysed.

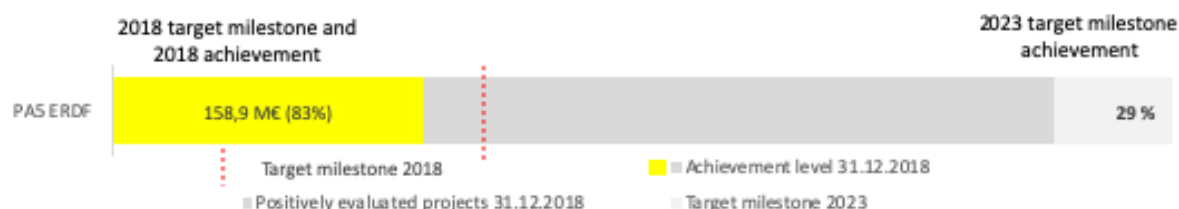
## G.5 The assessment of the efficiency of the priority axis 5 ‘Development of small and medium-sized businesses; strengthening the competitiveness of regions’

229. The **objectives** of the use of priority axis 5 EU funds are the following: 1) SMEs are oriented towards growth and exports; 2) economic activity outside Tallinn and Tartu urban areas has increased. Priority axis includes activities to increase entrepreneurship, promote entrepreneurship and develop the business environment, improve access to capital and credit insurance, develop creative industries, and strengthen regional competitiveness.



230. The level of achievement of the priority axis remains **below the 2018 target milestone** (achieved up to 83%), but it can be seen from Annex G that it varies greatly across measures. The underperformance is mainly caused by one measure (5.2).

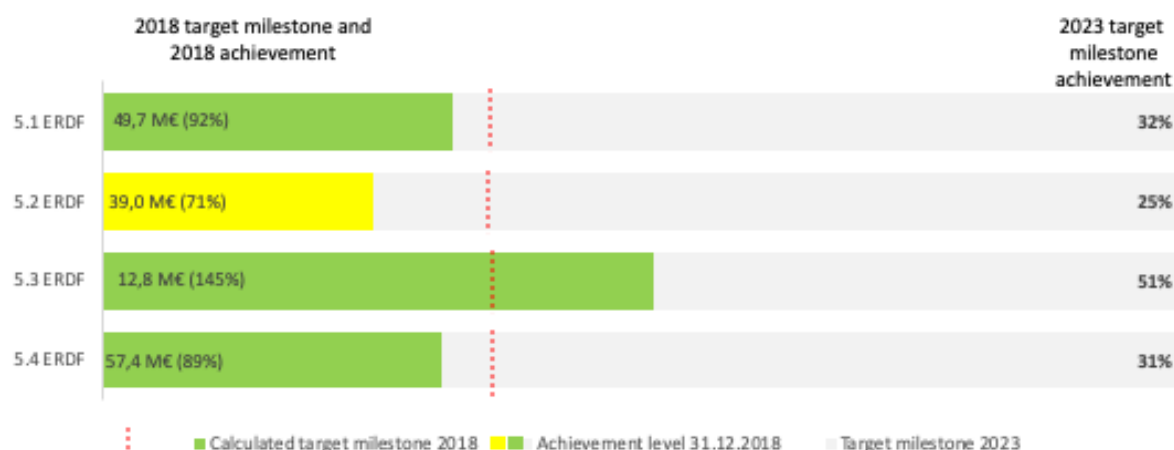
Figure 20 Status of ERDF payments under priority axis 5 as of 31.12.2018



Source: SFOS

231. Among activities under this priority axis the indicators of achievement levels have **significantly been exceeded** in activities to strengthen the competitiveness of regions (measure 5.4), where both financial and result indicators are sometimes accomplished by a thousand per cent. This clearly shows **insufficient planning of achievement levels**, which is why achievement levels must be corrected. When it was unclear what the activities would turn out to be, the basis for planning the achievement level was the experience of the previous programming period. Similarly, the indicators of action 5.4 are strongly affected by the content of individual projects (i.e. whether one or more entrepreneurs benefit), which can lead to high variability in the indicators. Whereas regional activities related to competitiveness can also be considered efficient on the substantive side. Market demand for activities exists and important activities have been carried out to increase employment and entrepreneurial activeness outside urban areas. However, the impact of projects to increase regional competitiveness will only be felt in the long term, including the impact on job creation.

Figure 21 Achievement of the target milestone of priority axis 5 measures as of 31.12.2018



Source: SFOS

232. Activities for the growth of entrepreneurship and developing a business environment (measure 5.1) have been **generally efficient** both in terms of financial and result indicators. The exception is the development of business models for tourism companies, which has started slower than planned and at present, the design of the measure will be further complemented with this support. In the case of international tourist attractions, result

indicators are also under-filled, but as the relevant decisions have been made and the implementation of projects is on-going, it can be assumed that the necessary indicators will be achieved. In general, the tourism development activities have been successful and the export of tourism services is also on the rise. In terms of start-up assistance, the level of achievement is also lower than planned, but in the IBs estimation it is rather a planning error, since despite the fact that the launch of the activities took longer, the activities have proceeded according to plan and it can be predicted that the achievement level set for 2023 will be fulfilled. On the substantive side, the demand for these activities is high and can be expected to meet the targets by the end of the period.

233. Creative industries activities (measure 5.3) have been met or exceeded in terms of indicators, except for the development of creative industries infrastructure and technological capabilities, the indicators of which have remained lower than planned. The reason is that the results of the investments will only become clear after the end of the investments. In essence, the activities have gone as planned and the achievement or exceedance of the achievement levels by the end of the period can be expected. Because of the high demand for activities, it is possible to choose the best projects and achieve the greatest possible impact.
234. The effectiveness of the measure to improve the availability of capital and credit insurance (5.2) is lower than planned in terms of both financial and result indicators, also in terms of substance the activity has not achieved its objectives. The implementation of this measure has been significantly hindered by the lack of clarity in the rules for granting funding for activities, including the changing interpretations of the European Commission and the Managing Authority. In practice, it has not been possible to provide this support to companies in need of a guarantee from Structural Funds to the planned extent, and there is no certainty about the eligible costs for the IA. Due to the ambiguity of the rules, the administrative burden of implementing the measure is high (including high deadweight) and it hasn't been possible to achieve efficiency of activities on the substantive side. The main issue has been the guarantees. In the case of the fund of funds, due to disputes it was only possible to implement actions on the rules for granting support only in the fifth year of implementation.
235. In terms of reaching **the substantive objective** the results of priority axis 5 are different. According to the Operational Programme, the value added of SMEs (at current prices) should reach 31,500 euros in 2023. According to the monitoring report of 2017, the figure for 2017 was 24,100 euros<sup>77</sup>. The value added of SMEs has been and is continuing to rise. As of 2017, SMEs accounted for 99.8% of all Estonian companies. Their employees formed 77.9% of the total workforce and their added value was 75.7% of the value added of all companies. Both indicators are above the European average. The number of SMEs has steadily increased between 2013 and 2017, the value added of SMEs has also increased by 22.7% and the number of employees has increased by 11.0%. Between 2017 and 2019, the value-added of SMEs is projected to increase by 14.7%.<sup>78</sup>
236. In the Operational Programme, the target value of exporting companies in 2023 is marked at 15,700<sup>79</sup>. According to Statistics Estonia, by 2017 the number of economic entities exporting goods had increased to 16,148 units. By 2018, the number of exporters dropped to 16,062 units, while the financial value of exports was the highest in the last five years - over 13 billion euros (at current prices). Therefore, the target value has already been almost exceeded for this indicator. In regards to economic activity outside of the areas of Tallinn and Tartu, the achievement of the objective has fallen behind schedule. According to Statistics Estonia between the years 2014 and 2017 the importance of Harju County in the county's GDP was

<sup>77</sup> Annual Implementation Reports and Final Implementation Reports on the Investment for Growth and Jobs objective. [https://www.streenifondid.ee/sites/default/files/seirearuanne\\_2017\\_kinneritud\\_11102018\\_final.pdf](https://www.streenifondid.ee/sites/default/files/seirearuanne_2017_kinneritud_11102018_final.pdf)

<sup>78</sup> 2018 SBA Fact Sheet. Estonia.

<https://ec.europa.eu/docsroom/documents/32581/attachments/9/translations/en/renditions/native>

<sup>79</sup> Operational Programme for Cohesion Policy Funds 2014–2020. (2014).

64%. The share of GDP in Estonia's GDP created outside of the Harju and Tartu counties remained at 26% during the same period (target value of 2023 at 30%).

237. Several **external factors** have contributed to achieving results, including:

- improved access to financial technology and innovative financial solutions. Crowd funding platforms and virtual assets enable SMEs better access to financing;
- Almost half of the Estonian population see entrepreneurship as an attractive career choice and find that the conditions for starting a business are favourable in Estonia and the fear of failure has decreased<sup>80</sup>;
- fast-growing e-commerce (including e-export) and the development of digital marketing, enabling marketing activities to reach a larger amount of target audiences;

238. The biggest obstacles to achieving results have been:

- a change in political climate, which has resulted in a redistribution of resources, which may hinder the planned continuation of activities (e.g., reduction of resources of county development centres);
- the implementation of financial instruments has been significantly hindered by the lack of clarity in the rules for granting funding for the activities being funded, including the changing interpretations of the European Commission and the Managing Authority;
- an increase in construction prices, which has prevented the completion of certain projects in the planned volume;
- in terms of air connections, we are in a worse position than Latvia and Lithuania, which makes it difficult to develop tourism here further;
- The decrease of the importance of the Russian target market due to the political situation.

239. Support received from the EU Structural and Investment Funds **has contributed** to the achievement of the objectives of the priority axis, in particular together with PA4 measures.

240. The **indicators** of the priority axis reflect mainly the number of enterprises that have received aid, which shows the extent of the activities and the growth of employment in the enterprises that have received aid. The indicator for increasing tourism demand 'Number of organized marketing activities' doesn't take into account digital marketing, which enables to achieve results more extensively than before. In the measure of regional centres of competence a rather inaccurate indicator is used 'Number of enterprises receiving non-financial aid', which doesn't reflect the progress of the activity very well, as this indicator depends a lot on the nature of a specific activity (conferences, one-on-one counselling etc.). Same applies to the competitiveness activities of other areas, where the beneficiary can be one or several companies. For example, some of the urban space projects can benefit thousands of entrepreneurs, but an industrial area project benefits a lot less people, whereas the broader impact of those activities might be similar.

241. **Raising the efficiency** of measures is done during their implementation: for example the activities in the creative industry (measure 5.3) have been reorganised according to actual demand. Marketing activities (measure 5.1) in the field of tourism have taken the direction of digital marketing, which is more efficient and impacts a larger target group. Improving access to capital and credit insurance (measure 5.2) to increase the efficiency of the measure should be made more clear in regards to if and in which conditions the structural support can be given. In regards to county development centres (measure 5.4) achieving the possible efficiency is limited by the reduction of the financial resources designed for the activity.

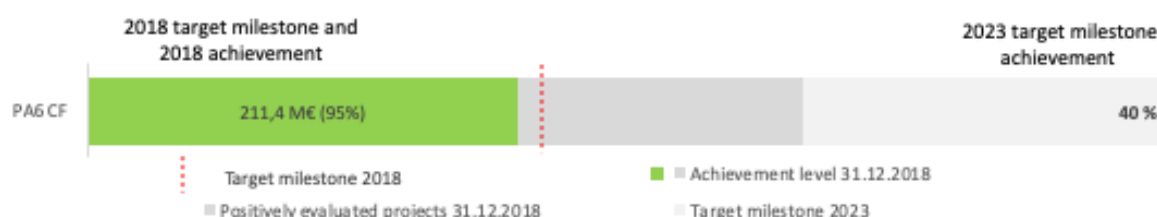
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<sup>80</sup> GLocal Entrepreneurship Monitor. Entrepreneurial Behaviour and Attitudes  
<https://www.gemconsortium.org/country-profile/60>

## G.6 The assessment of the efficiency of the priority axis 6 ‘Energy efficiency’

242. The objectives of the priority axis 6 ‘Energy efficiency’ are: energy efficient residential sector and street lighting. The priorities of investment are: energy efficiency, smart energy management and supporting renewable energy in the public infrastructure, including public buildings and residential sector. The investments supported in the transport sector need to help promote the transition to renewable energy in regards to the introduction of biomethane. In the district heating sector the contribution of supporting activities is taken into account to the reduction of end consumption of energy by producing and transmitting heat more efficiently and reducing air pollution.

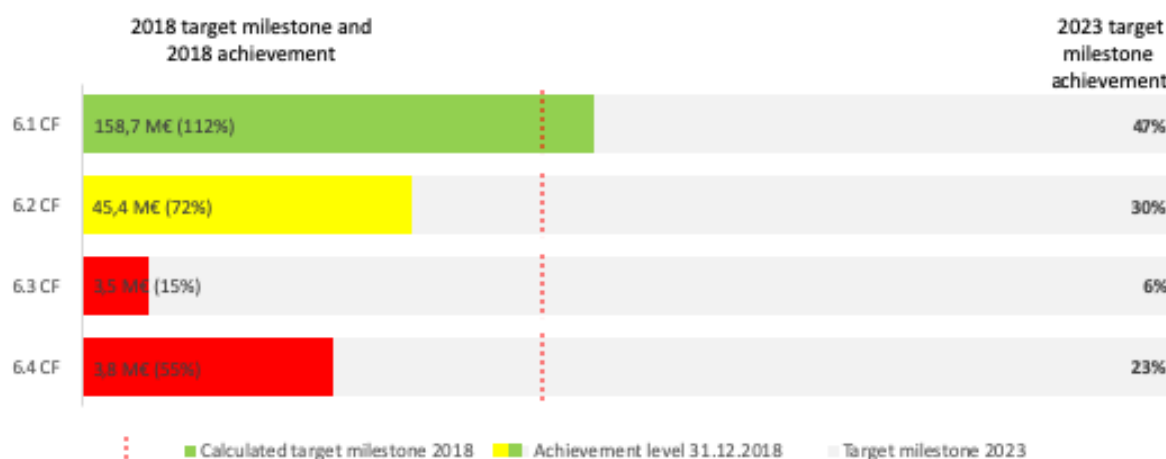
Figure 193 Status of CF payments under priority axis 6 as of 31.12.2018



Source: SFOS

243. Among the activities of this priority axis the achievement levels of indicators have been exceeded in activities 6.1.2 ‘Supporting the development of construction projects of close-to-zero energy building’, 6.2.1 ‘Renovated or new heat production power in district heating’ and 6.2.3 ‘Preparation of the heat sector development plan’, in which both finance and result indicators have been achieved over a 100%. In regards to the rest of the activities, the finance and result indicators have been filled below a 100%. There is no under or over planning observed, because the reasons for not achieving are objective and do not depend on the planners themselves (e.g. the administrative reform that took place).

Figure 204 Achievement of the target milestones of priority axis 6 by measures as of 31.12.2018



Source: SFOS

244. The target value in achieving energy efficiency in housing (activity 6.1.1) in 2018 was 1 200 000 m<sup>2</sup> of surface of renovated apartments, the actual achievement level being 48%. The target milestone might be considered an overestimation as it was too ambitious. The reason for not achieving the target milestone was the delayed start on public procurements (development of the conditions for providing aid was delayed), whereas relatively many small surface houses had to be renovated (mainly in rural areas), which is why most of the work will be carried over to the final years of the period of 2014–2020. However, by 2023 the target

milestone will most likely be achieved (basing on the experience of the last period, where there were also difficulties when initiating the measure, but later on the implementation of the measure continued well and targets were met. KredEx has also experience with implementing activities from the last period, which is why there is reason to believe that they have enough capability to accomplish the activities on time). The measure is substantially justified and necessary and meets the targets of the EU and Estonia's development documents (see below).

245. The continuation of the activity 'Supporting the reconstruction of apartment buildings, surface area of reconstructed buildings' in the next period of financing, is definitely necessary, although the target value should be left on 1 million m<sup>2</sup> (we consider this optimal, as this is the building capacity of the Estonian market).
246. Supporting the activity of development of construction projects of close-to-zero energy building. The target value and achievement level of 2018 have been met a 100%, which means the substantive target is met and the continuation of the activity in the next funding period is not necessary.
247. In regards to the activity 'Efficient production and transmission of thermal energy' the target milestone has been well achieved in terms of renovating boiler plants, where the thermal energy companies have been eagerly applying for aid and LGs have been active partners in ordering heat sector development plans (it is not necessary to continue this activity in the next period of funding), because the latter were the basis for the renovation of boiler plants and district heating piping.
248. Since the renovation and / or construction of district heating boilers and fuel change have been successful, the continuation of this activity will not be necessary in the next period of funding. By the next period of funding the situation of boiler plants will be quite good. Renovation of a heat piping and construction of a new heat piping (activity 6.2.2.) The target value of 2018. for the length of new and renovated piping was 80km. The rate of achievement of 2018 has been accomplished by 74%. The target milestone is correct, but the renovation procurements have been delayed and the work will be carried on to the final years of the EU financial period. By 2023. the target milestone 137.5 km will certainly be accomplished, because there is a demand and aid applications coming in. The continuation of this activity in the next period of funding is necessary. All three previously mentioned activities in this measure are justified and necessary and meet the targets of the EU and Estonia's development documents.
249. The most problematic activity in the measure 6.2. is „Construction of local heating solutions instead of district heating solutions' (6.2.4.), where the target value of 2018 was six (6) local heating solutions instead of district heating solutions. The achievement rate of 2018 has been fulfilled 0%, although only one county (Lääne-Nigula) applied for this grant in 2018. Achieving the target value 9 of 2023 might be accomplishable. Work in this measure has advanced slowly mainly due to the passiveness of the LGs and the administrative reform and partly because this option was not considered with the necessary thoroughness in the heat sector development plans. Despite the aforementioned, the measure should still be continued in the next period of funding, as it is necessary due to the decrease of habitants in district heating areas.
250. The measure 'Increasing the share of energy saving and renewable energy' activity's 6.3.1 'Number of renovated street light points' target value in 2018 was 7000 renovated street light points. The achievement rate of 2018 has been fulfilled by 25%. **It doesn't seem likely** for the target value to be achieved by 2023. The main reason for this is the fusion of LGs, in other words the administrative reform, and LGs financial capability. After the administrative reform the joined LGs have often gained other priorities and some LGs have diminished their ability to take loans. Whether to continue the activity in the next period of funding should be decided when it's clear if achieving the target milestone of 2023 is likely. If 75% is not achieved the activity should continue and the new target value should be the number of the share missing from the current target.
251. The measure 'Increasing the deployment of alternative fuels' activity's 'Production of biomethane and its consumption in the transport sector' (6.4.1.) target value for 2018 was 0,



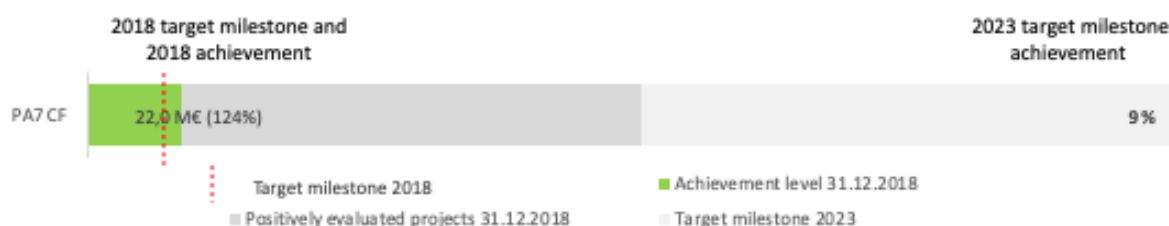
but the target value for 2023 is 4. In August 2018 a company (Rohegaas) started producing biomethane and selling the network in Estonia, in the beginning of 2019 another company (Biometaan OÜ) started manufacturing it industrially. It is likely that the target value will be achieved by 2023, as entrepreneurs are planning to open two more biomethane plants this and the following year. The activity could continue, but it should expand to all gas and liquid biofuels.

252. In addition to achieving energy efficiency in residential buildings (6.1.1) the indoor climate of all the renovated buildings improved as well, which has a **long-term impact** on the improvement of human health. In addition the real estate value of the renovated buildings increased, although mainly in attractive areas in Harju (Tallinn and its nearby parishes) and Tartu County (Tartu and its nearby parishes). In other regions the increase in real estate value even after renovation has been minimal or non-existent.
253. The renovation of district heating systems and transition to biofuels (6.2.1) has reduced the price of thermal energy practically everywhere compared to the price before renovation, which in turn increases the family budget. In addition to the general improvement of lighting on roads and streets in some areas, a positive side-effect of replacing streetlights (6.3.1) has also been reduced crime and the number of traffic accidents. Wider use of biomethane as a means of transport fuel (6.4.1) contributes to reducing the overall pollution load (although the current impact is still weak).
254. **The external factors** that affected the application of activities of the axis the most were the local governments administrative reform, hindering the implementation of many measures or slowing them down, and the increase in prices of construction in the observed period, which was mainly caused by the lack of construction workers and increase of salary caused by it. In the future a huge number of projects should not be placed on the market at once instead be spread out more evenly over the entire period. During a period of mass construction even the designers are lacking power (Estonia doesn't have enough professional designers).
255. The support gained from Structural Funds has significantly **helped the implementation** of measures and their activities. Despite the existence of the support all the result indicators' achievement levels (target values) of 2018 have not been reached, which has been mostly due to objective reasons. By 2023 most of the measures' target values except for 6.2.4. and 6.3.1, will be likely to be achieved.
256. **PA 6 result indicators have been relevant**, for example the decrease in CO<sub>2</sub> (t CO<sub>2ekv</sub>/a) emissions due to an activity implementation has currently been one of the most important ones. It is not recommended to add additional indicators, as adding indicators and keeping track of them increases the administrative burden.
257. In order to fulfil the objectives of the priority axis of 2023, it is important to continue the ongoing activities and to speed up the calls for proposals, in particular when it comes to activity 6.1.1 ('Supporting the reconstruction of apartment buildings') and 6.2.2 ('Renovation of a heat piping and construction of a new heat piping'). When it comes to measure 6.2.4 'Construction of local heating solutions instead of district heating solutions' the awareness of LGs should be raised and the provided benefits of the activities explained, in order to motivate them to apply for the grants. The heat sector development plans should also be critically reviewed and additional comparative calculations made (the price of thermal heating found), which results in buildings continuing to use district heating or their transition to local heating solutions.

## G.7 The assessment to the efficiency of the priority axis 7 'Water protection'

258. The **objectives** of priority axis 7 are: 1) proper water management infrastructure in wastewater collection areas of over 2000 population equivalents; 2) contaminated areas, bodies of water, and wetlands cleaned up.
259. The financial target milestone for year 2018 to fulfil the priority axis 7 has been achieved and exceeded (124%). 9% out of the 2023 target milestone has been achieved. Taking into consideration that the activities of the priority axis are to a great extent covered by contracts, the target milestones of 2023 are likely to be achieved if the implementation of activities is continued in the same pace.

Figure 215 Status of cohesion fund payments under priority axis 7 as of 31.12.2018



Source: SFOS

260. By 2018 the target milestones of the priority axis 7 **have been achieved in all activities**. The share of achievement levels for 2023 as of 31.12.2018. is 12% (7.1.1), 26% (7.1.2), 10% (7.2.1), 32% (7.2.2) and 3% (7.2.). Considering that the fulfilment of the 2023 target milestones is as of 31.08.2018 covered by contracts, for some activities even too excessively, it is probable that the target milestones of the priority axis are achievable by the end of the budget period. The key point here is a close collaboration between the intermediate body and implementing agency and contractual partners with the goal to prevent possible mistakes when implementing projects.
261. For example, the construction of public water supply and sewerage systems has had a good start in Northern Estonian densely populated areas such as the Keila river area, Laulasmaa, Türisalu and Rannamõisa, Muraste and Aruküla, where contracts have been signed and the construction work has begun. The priority development of water supply and sewerage systems in Northern Estonia is significantly important especially when implementing the HELCOM Baltic Sea Strategy.

Figure 226 Achievement of the target milestones of priority axis 7 by measures as of 31.12.2018



Source: SFOS

262. The objective of priority axis 7 is to take the Estonian water management to a level that would comply with the requirements set by the EU Water Framework Directive, Drinking Water Directive, Urban Waste Water Treatment Directive and HELCOM Baltic Sea Strategy. Since **the achievement levels of the Operational Programme indicators are not met** by the time of the mid-term review, no substantive objectives have been achieved either. Taking into account that as of 31.08.2018 the achievement of target milestones of 2023 is covered by contracts, it can be presumed that work will be done towards accomplishing substantive objectives.
263. **The positive impact** of PA7 is the improvement of the quality of the habitants' drinking water and improvement of the ecological, chemical and hydrobiological condition of water bodies, which results from using compliant sewerage systems and waste water treatments. The measure for private persons that enables private persons and apartment associations to subscribe to finished public water supply and sewerage systems has received a lot of positive



feedback. No negative impact that could accompany the implementation of the measures of priority axis 7 has been observed.

264. The implementation of the activities of priority axis 7 has been affected by the combination of one or many **external factors** listed below:
  - The definition and the authorization procedure of state aid that changed in 2016 didn't enable paying advance to the implementers of priority axis activities 7.1.1 and 7.1.2. The situation limited competition in the market which lead to a rise in construction prices;
  - During the administrative reform implemented between 2016-2017, the owners of water companies and local governments emerged. Due to the formal and legal procedures accompanying the fusion there was a delay in submitting the project applications for activities 7.1.1, 7.1.2, 7.2.1 and 7.2.2;
  - when implementing all measures there has been a problem of delay of submitting the applications for funding as the preparation of applications is time-consuming;
  - the time spent on design was not adequately taken into account in the preparation of the Structural Support Operational Programme. When applying all measures, the first activity after finding out the funding decision has been designing. Designing is the prerequisite for construction, but it doesn't contribute to financial indicators;
  - the implementation of activity 7.2.1 has needed extensive additional research and it will only be clear by the end of 2019 if these works can be continued and to what extent the objectives of this activity will be filled;
  - during the implementation of 7.2.2 it has appeared that the extensiveness of the works needed to achieve the substantive objective is bigger than initially planned. In order to accomplish additional tasks, an additional funding is needed, but the objectives of the priority axis will be met regardless of receiving or not receiving the additional support.
  - The start of activity 7.2.2 has been delayed due to the repeated contestations of the procurement results, but by the time of the mid-term assessment, all the priority axis activities were covered by contracts and activities will be finished during the budget period.
265. To prevent negative impact, the planning process should be considered more carefully when planning the Structural Support Operational Programme for the next period, with a view to mapping the potential risks of the activities to be funded and the potential to prevent them (for example, if some type of construction activity is planned, design must be calculated within the preparation process). In order to prevent the contestation of the results of the public procurement, there should be more time spent on planning procurements more carefully and putting together the base documents for the procurement - it might prolong the implementation of the activities, but will help to ensure staying in the time frame and a result of quality.
266. Achieving a good ecological status for water bodies, including the Baltic Sea, is directly supported through constructing public water supply and sewerage systems, restoration of anthropogenic residual pollution sites and reduction of leakages into the aquatic environment, restoration of water polluted with hazardous substances, and restoration of the natural water regime of abandoned peatlands. Therefore, the completed and future activities performed in order to accomplish the priority axis, help to achieve the **substantive objectives** of the axis and considering that the target milestones of the budget period will be highly likely to be fulfilled, there is reason to believe that the substantive objectives will also be achieved. Together with the activities of the priority axis 8 the realisation of the substantive objectives of the priority axis 7 is amplified and we are moving towards achieving the objective set in Estonia - by 2021 81% of the surface water and 84% of the ground water in a good ecological condition.
267. The substantive objective of the priority axis of water protection is measured through the ratio of the relative number of water bodies in a good ecological condition (according to

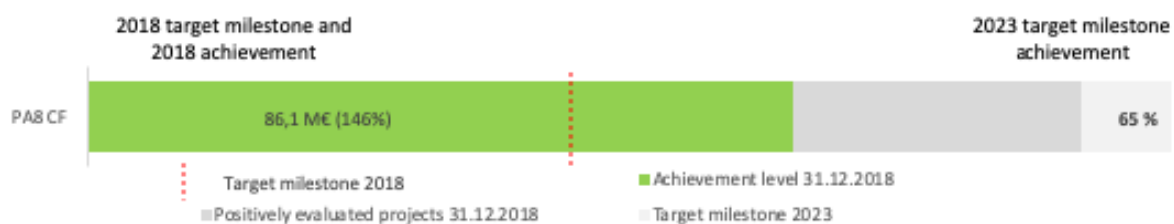
Water Framework Directive) to the total number of water bodies. Taking into consideration the measures and activities of PA7 the result indicators of the Operational Programme are direct and give a good overview of the results of the planned activities. Although the result indicators are not directly convertible for measuring substantive objectives they are relevant for the assessment of the implementation of the axis.

268. Taking into consideration that in order to achieve the 2023 target milestone, activities under priority axis 7 are covered by contracts, the achievement of the target milestone depends on the success of the projects. In such a situation, the implementing agency should work closely with their contractual partners to prevent errors that may result from project implementation. Enhanced co-operation could include counselling of contract partners (study days, telephone and e-mail counselling line), site visits and audits, contract partner lists where information on frequent and significant violations that have occurred during monitoring, and drawing attention to possible errors to prevent them would be sent.

### G.8 Assessment of the efficiency of the priority axis 8 ‘Green infrastructure and increasing the emergency preparedness’

269. The objectives of priority axis 8 are: 1) an improved condition of protected species and habitats; 2) the increase of the capability to react to emergencies caused by climate change and extensive pollution.
270. The financial target milestone set for 2018 to fulfil the priority axis 8 has been reached and exceeded (146%). By the end of 2018 65% of the 2023 target milestone has been achieved. Taking into consideration that the activities of the priority axis are covered by contracts to a large extent, the target milestone of 2023 is likely to be achieved.

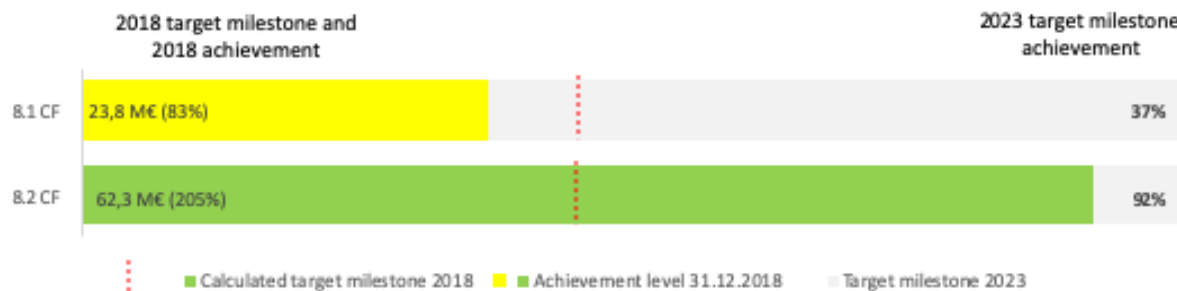
Figure 237 Status of cohesion fund payments under priority axis 8 as of 31.12.2018



Source: SFOS

271. **The target milestones** of priority axis 8 for 2018 have been achieved for all activities, except for activity 8.2.1 (development of meteorological and hydrological indicators monitoring). The share of achievement levels for 2023 as of 31.12.2018 is 31–40% (8.1.1), 95% (8.1.2), 0% (8.1.3), 20% (8.1.4), 100% (8.1.5), 67% (8.1.6), 33% (8.1.7), 0% (8.1.8), 67% (8.1.9) and 0–60% (8.2.1), 96% (8.2.2), 100% (8.2.3). Considering that the fulfilment of the 2023 target milestones is as of 31.08.2018 covered by contracts up to 80%, for some activities covered even too excessively, it is probable that the target milestones of the priority axis are achievable by the end of the budget period. The key point here is a close collaboration between the intermediate body and implementing agency and contractual partners with the goal to prevent possible mistakes when implementing projects.

Figure 248 Implementation of the target milestones of the priority axis 8 by the measures as of 31.12.2018



Source: SFOS

272. Basing on the substantive objective of the 8 priority axes of the Operational Programme of Structural Funds – improved biodiversity and protection and recovery of soils and promoting the ecosystem services, including Natura 2000 and the green infrastructure – the achievement levels of the indicators of the Operational Programme are not fulfilled by mid-term assessment, which is why **the substantive objectives are also not met**. As of 31.12.2018 three activities out of the planned 15 designed to achieve the substantive objective have been fulfilled and based on these the assessment of the fulfilment of substantive objectives is not justified.
273. An indirect **positive impact** of PA8 is the increased attractiveness of the area from the perspective of the intermediate body and implementing agency, increase in turnover resulting from employment and tourism business, and benefits from the construction of fish passages that expand the habitats suitable for Salmonidae. With the support of Structural Funds **the condition of salmon rivers has improved in Pirita, Pärnu, Põltsamaa, Ahja, Piusa, Kunda and Jägala river**. 93 fish passages have been constructed on Estonian rivers, 74 of them on rivers that are the habitats to Salmonidae. In 19 cases the existing damming was eliminated, in 65 cases a natural and in 9 cases an artificial fish passage was constructed. The population of rural areas benefits directly from the implementation of the measure of capability to react to emergencies as their security increases with the increased capability of the rescuers. The **negative impacts** that arise from implementing the priority axis 8.1. are of a socio-psychological nature: for example, when eliminating damming people's customary living environment (the customary beautiful views, swimming and fishing opportunities, recreational areas etc.) and also the opportunities for earning (producing electric energy, touristic activities related to the dammed river etc.). People who have lived in the areas of dammed rivers and love the place where they live, complain that the people who decide over removing the dams don't know the area and don't live there themselves. The opinions and positions of locals are not listened to and not taken into account.
274. Several **external factors** have affected the implementation of the priority axis. The general tendency is that as a result of public procurements the cost of the works, in comparison to the budget, is becoming higher. To prevent the increasing cost of works the arrival of cash flows to the market is planned in smaller amounts. Due to that the development of protected areas' infrastructure (activity 8.1.3) and rehabilitation of the water courses (activity 8.1.7) as of 31.12.2018 are covered by contracts by 50%, the reconstruction of protected areas' visitation infrastructure (activity 8.1.4) by 99%. In order to manage with the increasing costs of works there is an active search for alternative solutions such as using alternative technologies or materials together with new constructional techniques.
275. The other significant problem in implementing activities is the various issues linked to the procurement procedure. Purchasing multifunctional rescue vehicles (activity 8.2.2) ended in 2018, but the assessment to the procurement of the Auditing Authority that argued the conditions of qualification of the procurement procedure and the demand for

reimbursement<sup>81</sup> have been contested in court. The activities planned for the development of meteorological and hydrological indicators monitoring (8.2.1) were also delayed due to the failure of the procurement procedures.

276. In order to prevent the contestation of the public procurement results it is important to take time to plan procurements more carefully and to put together the base documents for the procurement.
277. Fulfilment of the substantive purpose of the priority axis 8 – improved biodiversity and protection and recovery of soils and supporting the ecosystem services, including Natura 2000 and the green infrastructure – **is supported by all the activities of this axis**: improving the condition of habitats, different objects built or reconstructed to achieve a favourable condition of the protected species or habitats, but also the purchased rescue equipment, marine pollution control ships and renewed meteorological and hydrological indicators monitoring. Considering that the activities of the priority axis 7 amplify the accomplishment of the substantive objectives of the priority axis 8 and that the target milestones of the priority axis 8 will be highly likely to be reached by the end of the budget period, there is reason to believe that the substantive objectives will be achieved by the end of the budget period.
278. To assess the efficiency of the activities of the measure 8.1 the Operational Programme has defined two **result indicators**: the number of species and types of habitat that have improved their condition or remained the same. The result indicators of the priority axis measure 8.2 are: 1) the number of areas that have the capability to locate and put out a 600 ha fire simultaneously; 2) the response time of the pollution control ships in ideal conditions, reaching the spill in the area of responsibility of Estonia; and 3) the share of the renewed meteorological and hydrological indicators monitoring. The mentioned result indicators are relevant and indicate with necessary accuracy the implementation the activities. For example, the result indicators of the priority axis measure 8.1 and activities 8.2.1 and 8.2.2 are directly convertible for measuring the substantive objective of the priority axis, whereas the result indicators of the 8.2.3. activity and substantive objective of the priority axis do not have this kind of direct link. This does not mean that the result indicator should be changed. The result indicator is relevant and presents adequate information in regards to the implementation of the activity.
279. As the PA8 measures are not yet fully covered by contracts, the **efficiency** of signing new contracts **could**, according to the intermediate body, be **increased** by using open calls. Open calls can be used to reach a wider target group, implement smaller-scale projects and achieve more results more economically. At the same time, the implementation of an open call requires effective counselling of applicants. Other implementing agency contractual partners also need more efficient counselling in order to prevent errors that may occur during the implementation of activities. Efficient counselling of applicants and contractors could include compulsory study days; phone and email counselling lines open on work days; site visits and audits of the implementing agency; a list of contractual partner showing where information on frequent and significant violations that have occurred during monitoring, and drawing attention to possible errors to prevent them could be sent.

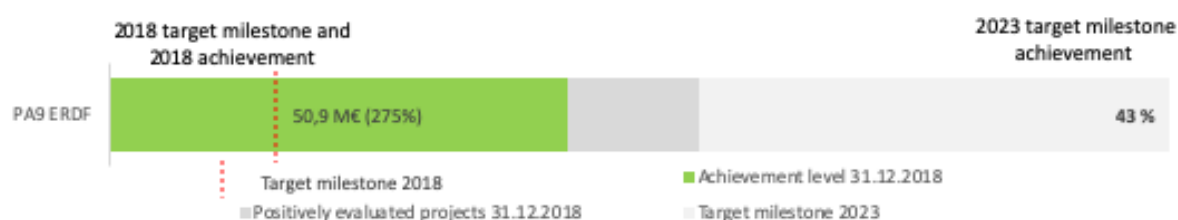
## G.9 Assessment to the efficiency of the priority axis 9 ‘Sustainable urban development’

280. **The objectives** of the priority axis 9 are increasing the share of users of sustainable transport, ensuring close to home kindergarten and day-care spots for habitants in bigger urban areas and reviving the economy of the biggest urban areas in Ida-Virumaa.
281. The activity’s financial indicator’s target milestones for 2018 in the priority axis have been exceeded (275% of the planned amount has been paid).

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<sup>81</sup> Project of the Cohesion Fund 2014–2020.8.02.16-0004 ‘Purchasing rescue equipment to act in response to environmental disasters’. Project audit. Final report.

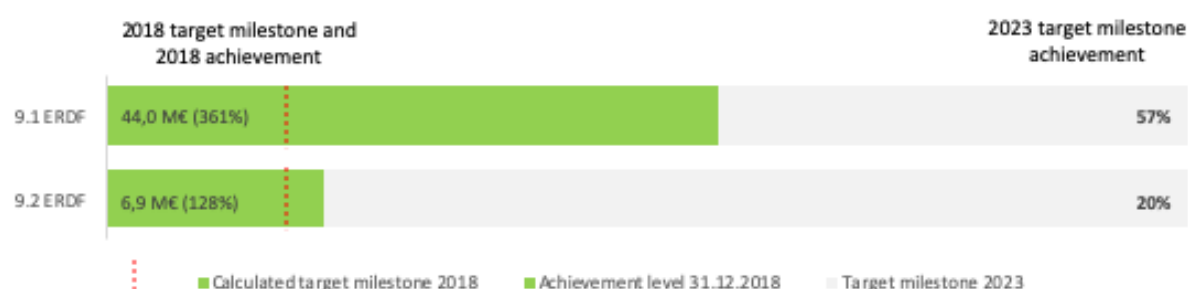
Figure 259 Status of ERDF payments under priority axis 9 as of 31.12.2018



Source: SFOS

282. In regards to measure 9.1 57% of the target milestone of 2023 has been achieved.

Figure 30 Implementation of the target milestones of the priority axis 9 as of 31.12.2028



Source: SFOS

283. Based on the output indicators, the number of childcare facilities constructed or renovated in urban areas has been achieved (activity 9.1.2): the queue decreased from 4430 in 2012 to 967 in 2017.
284. The length on 110 km of shared-use paths even exceeds the 2023 target milestone of 60 km (9.1.1). However, the proportion of people using public transport or cycling or walking to get to work on a daily basis has not increased in urban areas (baseline 48.5% in 2012, actual level 41.6% as at the end of 2017). Therefore, the substantive objective has not been achieved at least for now, however, there is still time until the end of the period and implementing the projects of the measure is continued.
285. The 9.2.1 activities entail large-scale projects, contribution to the outcomes will be considered at the end of the project and the impact will manifest itself over a longer period.
286. The history of the urban measure dates back to the period prior to joining the EU and its objective has been solving the problems of the urban living environment (including considering intensive urbanisation) and preventing the relevant problems with planning, land use and traffic. Unfortunately, the obstacle to implementing the measures has always been insufficient awareness activities regarding the causes of possible problems and impact of the policies which in turn form the basis for design and implementation of the measures that are aimed at dealing with the consequences of the problems rather than prevention. For the most part, the focus is on solving the problems that have arisen (such as lack of childcare facilities), i.e. on redeeming mistakes in planning. For example, a lot of schools and childcare facilities have been created in suburbs and some of these will be abandoned after a while since suburbanisation has decelerated.
287. Excessive focus on campaigns and ignoring substantive problems and their causes can be observed. One example here is the way shared-use paths are constructed – without taking into account especially railway and bus stops and their supporting infrastructure (parking



- lots, ‘park and ride’ solutions, services around the parking lots), they do not solve the actual problem, i.e. increased time spent in traffic congestions in cities.
288. The main problem here is the **weak cooperation characteristic of local governments**, especially in the case of the urban centres and local governments in the vicinity of urban areas. Although considerable funds were allocated to conducting preliminary analyses in several areas prior to submitting the application, the outcome of the measure was still limited to the construction of childcare facilities and shared-use paths. One of the reasons for the lack of cooperation is also **the project-based nature of measures** where different local governments compete for money instead of creating complex, long-term solutions.
  289. **The choice of the measure’s focus was mainly influenced by lack of childcare facilities for young families who had moved to the suburbs.** The 2012 court case of Jüri Mõis against Harku rural municipality held significance<sup>82</sup>. Since the local governments already had a backlog of projects and rural municipalities surrounding urban areas had already exceeded their lending capacity, they were under great pressure to solve this problem using EU funds.
  290. The implementation of the measures was **hindered** by a rise in construction prices – the level of financial indicators was higher than expected. The launch of projects in Ida-Viru County took longer than predicted – these were wide-scale and complex projects and their preparation required more time than expected. One systematic problem of Ida-Viru County is the local limited development and project management capability: the management of both state agencies and businesses (except the Prison Board) outside the region. This is an extremely heterogeneous area in terms of culture and administration and cooperation between local governments of Ida-Viru County is hindered, partly also probably due to the significantly higher level of corruption.
  291. Exceeding the output indicator (125%) of the measure ‘Public or business buildings constructed or renovated in urban areas’ aimed at urban areas in Ida-Viru County is probably caused by the fact that the predictions did not consider that several recreational and social buildings with an area of thousands of square metres will be renovated in order to revitalise the under-used urban space in Ida-Viru County.
  292. The planning and implementation of future measures should focus on **complex solutions**, and both demographic trends and changing movement patterns should be critically reviewed. Therefore, the sustainable urban development measure should focus more on preventing problems rather than on resolving them, and on creating a competitive advantage for the future. An important key issue here is shifting the focus from the current development of LG-centred social infrastructure (schools, kindergartens, shared-use paths) to production restructuring and improvement of the operating environment of companies – i.e. the creation of new jobs that appeal to young people.
  293. As in most European countries, different regions (transport, entrepreneurship, education, rural life) and European funds (ERDF, ESF, ARIB; fisheries) should be implemented in a complex way (especially in smaller urban regions, i.e. outside Harju County). The large-scale establishment of neither kindergartens nor shared-use paths in urban areas has solved the more fundamental problems arising from insufficient mobility and production restructuring.
  294. In addition, the focus groups pointed out that **programme-based approach should be implemented instead of the current application-based measures:** financing projects with future value that were highlighted in the recently finished county strategies and plans (however, the need for the extensively planned social infrastructure and shared-use paths should be critically evaluated in the county strategies and plans).

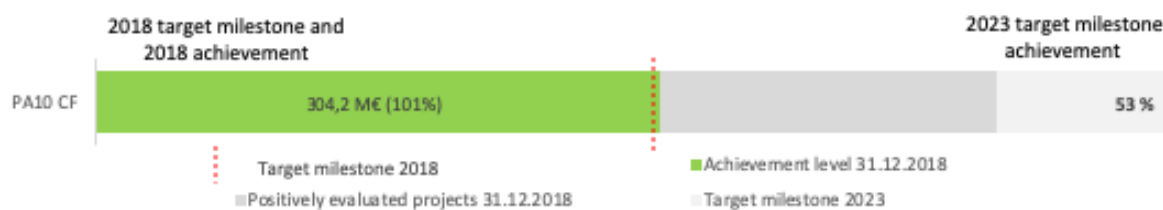
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<sup>82</sup> See <https://www.delfi.ee/news/paevauudised/cesti/juri-mois-nouab-kohtu-kaudu-lastetajakohta?id=65211604>

## G.10 Assessment to the efficiency of the priority axis 10 ‘Sustainable transport’

295. The **objectives** of the priority axis are: 1) Establishment of better connections, including in the TEN-T network; and 2) insurance of the sustainability of transport, including railway transport in the TEN-T network. The priority axis includes the development of national and international connections, including rail traffic, and the integration of different transportation modes. Supporting activities include the construction of new roads, reconstruction or renewal of roads, investments in airports, renovation of ports to provide icebreaker service, improvement of connections at public transportation stops, reconstruction or renewal of railways, installation of X-ray/scanning equipment at railway border, connection and improvement of ports and different transport modes of environment-friendly and low-CO<sub>2</sub>-emission transport systems (including inland waterways and maritime transport).

Figure 31 Status of cohesion fund payments under priority axis 10 as of 31.12.2018

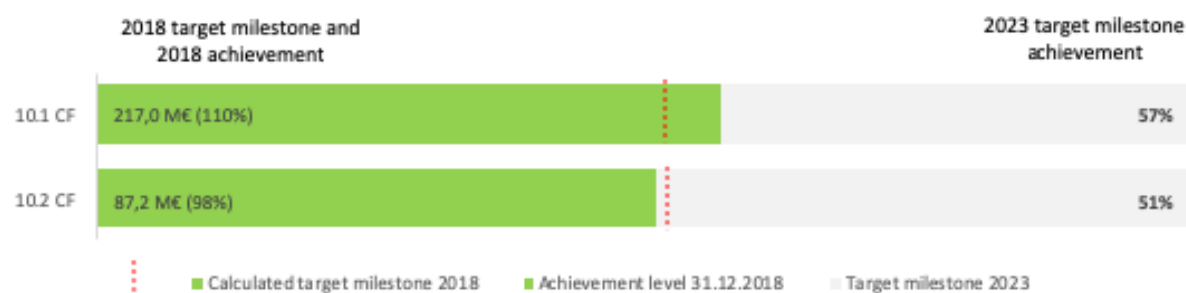


Source: SFOS

296. The **achievement levels** of activities of this priority axis have been exceeded in the construction of national roads (190% of the level of 2023), the reconstruction or renewal of roads (280%), the reconstruction of railways (133%) and the number of public transport stops with improved connections (155%).
297. At the same time, in terms of financial indicators, all of these activities do not meet the planned target milestone, as the activities have been carried out at a lower cost than planned and some of the funds will remain unused.
298. The selected **indicators** are adequate. The reasons for the overachievement are the earlier launch of the activities (the projects had already been prepared before the opening of the measures and construction works could be started immediately after the opening of the measures) and the lower price of construction works (since construction procurements were started before the opening of other measures of the Operational Programme, a lower price was offered for construction works). The planning of the achievement level of the indicators was based on experience of construction costs from the previous programming period. The demand on the market and construction prices were lower when the activities were launched which enabled to fund more projects.
299. The target milestone for the activities of provision of ice-breaking service, airport investments and installation of X-ray/scanning equipment at railway border has either been achieved or the activity is in progress and the indicator will be achieved by 2023.



Figure 262 Implementation of the target milestones of the priority axis 10 by the measures as of 31.12.2018



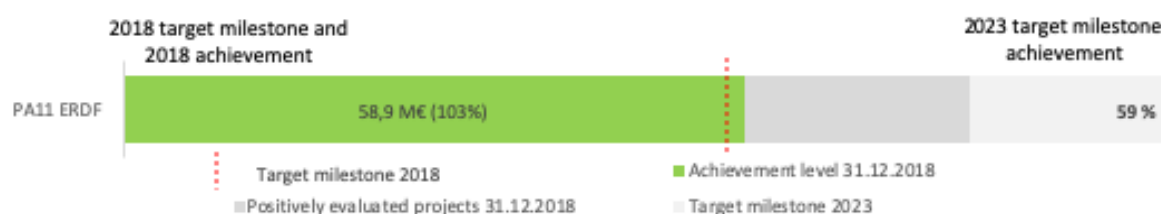
Source: SFOS

300. In terms of meeting the **substantive objective**, the outcomes of the measures have mostly been achieved or are achievable with the exception of increase in the number of users of public transport and increase in the share of pedestrians and cyclists, where the target milestone will probably not be achieved, since the target of 50% has continued to decline in recent years (base level 43%, 2015 – 42,80%, 2016 – 40.12% and 2018 – 38.83%).
301. The number of international passengers per year in air, water, rail and bus transport has increased and will meet the objective by 2023.
302. The objective is also likely to be met in the share of roads in poor condition from the roads in the TEN-T network. At the same time, as was mentioned in the 2017 monitoring report of the Operational Programme, the target of 11% set for the Operational Programme has been exceeded (3% in 2018), however, it is likely that the share of roads in poor condition will slightly increase by the end of the period (2023). The reason being that several investments were made *ca.* ten years ago and the share of roads in poor condition may start to increase again, still remaining below 11%.
303. Several **external factors** have also fostered the achievement of the outcomes of the priority axis: more favourable market situation (construction procurements were started before the market became over-active) and lower construction costs at the beginning of the project have enabled to fund more projects.
304. The greatest **obstacle** in achieving the outcomes has been the merging of local governments. This has had an impact on, for example, the submission of projects for supporting small ports and has caused a delay in launching the activities of regional transport centres. The latter, in turn, affects the number of public transport users and the achievement of the corresponding indicator.
305. Solving the issue of right of ownership that delayed the process proved to be an obstacle in implementing the ports projects.
306. Currently, the implementation of activities is definitely affected by the increase in construction prices that has occurred over the past couple of years – increased costs of construction procurements means that additional funds need to be found or the scope of projects needs to be decreased to finish the projects.
307. When designing **future measures**, more emphasis must be placed on the use of different transportation modes and insurance of multimodal mobility when planning transport connections. Critical review of both population trends and changes in patterns of mobility is essential.

## G.11 Assessment of the efficiency, impact and sustainability of priority axis 11 ‘Infrastructure for ICT services’

308. The **objectives** of the priority axis are: 1) creating opportunities to use high-speed Internet access for everyone; and 2) developing a basic infrastructure of services that supports the activities of Estonian residents and undertakings both at home and across borders. The activities supported under this axis are the establishment and renewal of a new generation of broadband basic networks in market failure areas, the development of a basic infrastructure for services and joint application with other EU countries, and the promotion of reusability of data and technologies.
309. As at the end of 2018, the target milestone of one of the three financial indicators has been exceeded and the others have somewhat lagged behind the target milestone (81% and 69%). According to the estimate of the intermediate body and implementing agency and experts, the 2023 objectives for financial indicators are likely to be achieved.

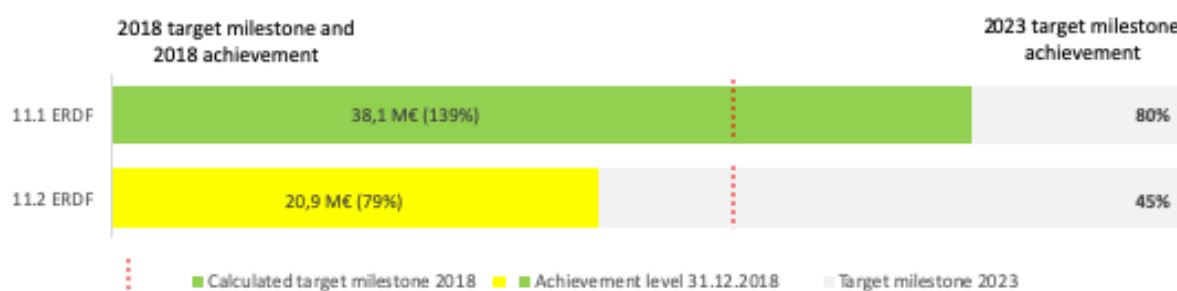
Figure 273 Implementation of the ERDF target milestones of the priority axis 11 as of 31.12.2018



Source: SFOS

310. The **output indicators** have significantly been exceeded in terms of creating opportunities for use of high-speed Internet connection: 3048 km of new-generation broadband network have been added (2018 target milestone 2000 km) and 1152 points of connection have been established (2018 target milestone 500), therefore, the target milestones for 2023 had already been achieved by the end of 2018. In terms of the result indicator ‘Share of fixed Internet connection with a speed of 100 Mbp/s or above’ related to the activity, an increase from 3.6% (2012) to 60% by 2023 is expected; the achievement rate (14%) as at the end of 2018 raises doubts regarding the achievement of this result.

Figure 284 Implementation of the target milestones of the priority axis 11 by the measures as of 31.12.2018



Source: SFOS

311. Innovative development projects and projects for notification activities have been launched in the fields of developing the basic infrastructure of services and making it jointly applicable and promoting reusability of data and technologies (see below the problems related to the use of this indicator). The number of new cross-border public services based on the basic infrastructure of services (expected target milestone 5 in 2018) has not been reached. However, the launch of cross-border e-services has proven to be more complex than expected all over Europe; in addition to technological solutions, legal issues need to be solved and often

the work processes of organisations providing the services need to be harmonised<sup>83</sup>. Significant activities related to the infrastructure – MTÜ Nordic Institute for Interoperability Solutions<sup>84</sup>, data embassies and development of eID – and both the intermediate bodies and implementing agencies find the achievement of the target milestones by the end of the period to be realistic. Preparations are in progress to involve other countries (Sweden, Lithuania) besides Finland in the provision of cross-border e-services.

312. From the result indicators, the 2023 target milestone of ‘E-services provided by Estonian administrative agencies via X-Road’ has been exceeded. This is thanks to the well-functioning X-Road infrastructure in Estonia. The number of users of secure electronic identity (ID card, mobile ID, etc.) has also grown significantly and, according to the experts’ estimates, the 2023 target milestone will be achieved based on the current trends.
313. The implementation of the most wide-scale activity of the priority axis (11.1.1, establishment of a broadband basic network) was facilitated by the fact that in essence, the implementation of an analogous activity of the previous period was continued. Long-term strategic plans have been in place since 2009 (that have been implemented as from 2010), therefore, the activities could immediately be continued at the beginning of the 2014–2020 period. The Estonian Broadband Development Foundation (ELASA) had already gained significant competences in 2007–2013 (e.g. in carrying out successful procurements) that enabled seamless continuation of the activities. In addition, there were several interested infrastructure undertakings on the market in 2015 and intense competition resulted in a decrease in prices, in turn enabling to carry out more wide-scale activities under the planned budget.
314. The basic infrastructure of e-services, its cross-border joint application and promotion of data and technology reusability have been favoured by the generally positive image of the Estonia on the international landscape, the effective implementation of several e-services aimed at individuals and businesses over the past decades, and their broad acceptance by users. In addition, the development of information society has received political support in Estonian and the issues of information society and e-services have also proven important on the European Union level.
315. Support received from the EU Structural and Investment Funds **has contributed** to the achievement of the objectives of the priority axis. At the same time, developments outside the ESIF have also contributed to achieving the objectives. For example, the *Cross-border Digital Prescription Service* (2017–2020) co-financed by the European Union’s *Connecting Europe Facility*<sup>85</sup> programme and a similar service between Estonia and Finland was launched. In addition, the demand for fast broadband connection as a whole, especially outside the market failure areas that the activity of the priority axis focuses on, has increased along with the development of the economy, increase in the income of households and increase in content that requires broadband connection.
316. There is a **discrepancy** between establishment of a new generation broadband network in market failure areas and evaluating the efficiency of this activity. The purpose of the activity is to build a basic network in market failure areas, which would make it economically feasible to build connections for communications operators. At the same time, the result indicator is the share of high-speed fixed Internet connection as a whole – established connections to the end-users and their deployment – without focusing on market failure areas. The National Audit Office has also drawn attention to it: ‘In developing fast and ultra-fast Internet, the state has primarily invested in the construction of the broadband basic network and ignored making fast and ultra-fast Internet accessible for homes and businesses’ and: ‘The state has no plan for bringing fast Internet from the broadband basic network established to the end

<sup>83</sup> See e.g. Cave, J., Botterman, M., Cavallini, S. and Volpe, M. (2017). EU-wide digital Once-Only Principle for citizens and businesses. Policy options and their impacts. European Commission, DG CONNECT.

[http://ec.europa.eu/newsroom/dae/document.cfm?doc\\_id=42300](http://ec.europa.eu/newsroom/dae/document.cfm?doc_id=42300); Kalvet, T., Toots, M., Krimmer, R. (2018). Contributing to a Digital Single Market for Europe: Barriers and Drivers of an EU-wide Once-Only Principle. In: Zuiderwijk, A.; Hinnant, C. C. (Eds). dg.o ’18: dg.o 2018: Proceedings of the 19th Annual International Conference on Digital Government Research. Delft, Netherlands: ACM.10.1145/3209281.3209344.

<sup>84</sup>This is a joint cooperation organisation of Estonia and Finland for the development of cross-border digital solutions; this organisation develops the X-Road.

<sup>85</sup> See <https://ec.europa.eu/inea/en/connecting-europe-facility/cef-telecom>

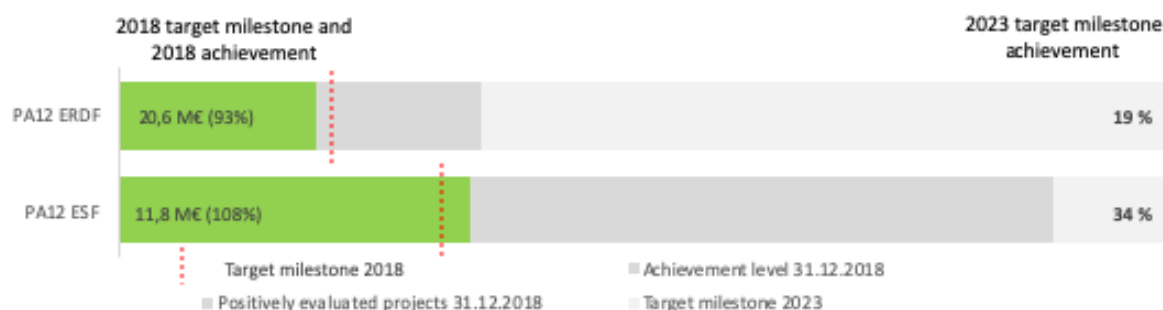
user.’<sup>86</sup>Undertakings and their representatives from Ida-Viru County and South-East Estonia who participated in the focus groups conducted in the course of the project also confirmed that they had problems with access to affordable Internet connection.

317. In addition, the National Audit Office pointed out that communications companies developing mobile Internet turned out to be the ones who **received the most benefits** from the development of the broadband basic network, as they can now offer 4G Internet to people<sup>87</sup>. At the same time, the current quality of mobile 4G Internet is not comparable to the fast and ultra-fast Internet provided via fixed network due to limited volume and fluctuating speed. In addition, the use of mobile Internet is currently more expensive than using an equivalent Internet service through a fixed network. Therefore, mobile Internet does not supplement the objectives set by the state to the availability of fast and ultra-fast Internet<sup>88</sup>.
318. The problem is the ‘number of projects’ used as an indicator in evaluating efficiency. Various projects of very different nature are devised in the course of developing information systems (compare e.g. an analysis project with a software development project) and the indicator does not reflect the scope and efficiency of what has been carried out.

## G.12 Assessment of the efficiency, impact and sustainability of priority axis 12

319. The **objectives** of the priority axis are: 1) the professional competence and management capability has increased in the general government sector (measure 12.1); 2) better process of policy-making that introduces mechanisms and tools which promote more integral, inclusive and knowledge-based policy-making (measure 12.2); 3) public services are provided in an accessible, harmonised, user-centred and smart manner (measure 12.3). The axis supports the central development of human resources using trainings and development programmes both on the central government and regional level, including in the civil society, conduct of research and analyses, optimisation of the state reform and processes, cooperation capacity, provision of public services, reorganisation of public services using ICT, etc.<sup>89</sup>

Figure 295 Status of ERDF and ESF payments under priority axis 12 as at 31.12.2018



Source: SFOS

320. The 2018 objectives of the priority axis of increasing administrative capacity **have been largely met**. Pursuant to the group and additional individual interviews, the achievement levels of basically all indicators were as expected based on the SFOS data from the end of 2018, **meaning that the 2023 objectives will likely be met**. Compared to the 2018 target milestone, the budget of activity 12.1.1 ‘Human resource training and development’ has been

<sup>86</sup>National Audit Office (2015). Efficiency of constructing the broadband network i.e. fast Internet. Will fast Internet be available to everyone by 2020?

<https://www.riigikontroll.ee/DesktopModules/DigiDetail/FileDownloader.aspx?AuditId=2346&FileId=13291>

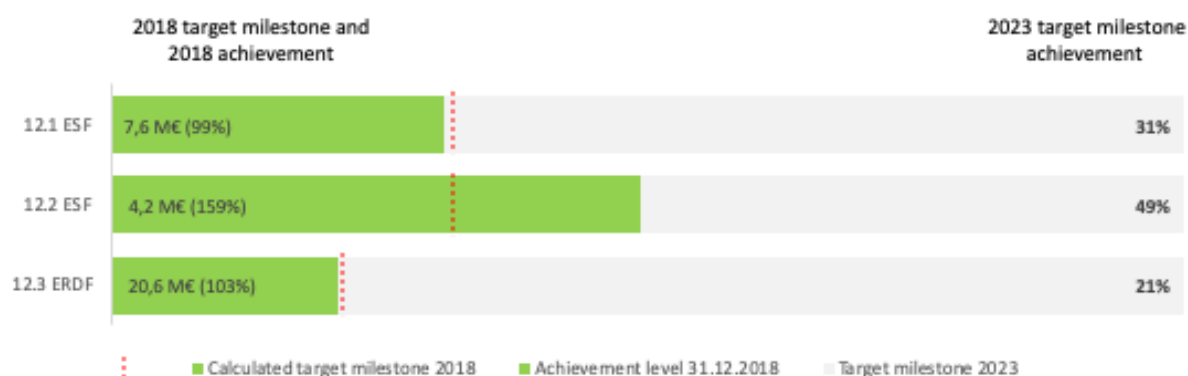
<sup>87</sup>The Estonian Competition Authority also issued a similar statement and the related prescription in 2017. In March 2019, they were heading towards a compromise solution by which the ELASA will make the access conditions of the service more favourable. This should help to better achieve the objectives of the axis.

<sup>88</sup>National Audit Office (2015).

<sup>89</sup>Operational Programme of structural funds 2014–2020.

achieved partially (73%) and the output indicator of ‘Number of local governments and NGOs that participated in trainings supported by the ESF with the objective of increasing their proficiency’ **has not been achieved** (54%). In addition, the achievement levels of activity 12.2.4 ‘Number of areas of governance or areas of administration that have switched to knowledge-based budget’ (25%) is low and the level has not been achieved in activity 12.2.6 ‘Number of codified draft legislations that have been submitted to the Government of the Republic for approval’ (0%). Overachievement can be observed in the output indicator of activity 12.1.4 (‘Number of local governments and NGOs that participated in trainings supported by the ESF with the objective of increasing their proficiency’) (289%<sup>90</sup>). In addition, the budget for activities prepared in the IB’s own activities scheme for this activity has been achieved by 385%, meaning that there are currently only funds left for open calls. At the same time, the output indicator for 12.1.4 ‘Number of ESF supported projects improving local and regional development capacities and cooperation between local/regional administration and residents’ has not been achieved (68%<sup>91</sup>) despite the depletion of the funds. However, the activities of the IB are likely to have more impact and a wider scope and therefore it is necessary to find means for continuing those activities that directly result from central coordination. There are no significant deviations in terms of other indicators<sup>92</sup>.

Figure 306 Achievement of the target milestones of the priority axis 12 by the measures as of 31.12.2018



Source: SFOS

321. Group interviews with the IB and IA representatives clarified that the underperformance of all indicators is due to large-scale and cross-cutting projects and activities, the results of which will become apparent in the coming years and at a time (e.g. 12.2.6 activities; TERE project in 2020). Document analysis (monitoring reports, progress report) supports this assessment. According to the Progress Report 2017, in the first half of 2016 and 2017, focus was on training and development activities, development of top and middle managers, support for the implementation of the state governance reform in government agencies, and support for administrative reform in local governments, but in the latter case merger counselling (this is also indicated by the overflow of the output indicator of participation rate in activity 12.1.4), rather than central training of LG officials and NGO representatives. It also meant that IB and IA officials were primarily involved in supporting the capacity of the presidency in central training. In the coming years it is planned to allocate more funds to the activities in LG axis. However, the low achievement level of the corresponding output

<sup>90</sup>A difference between the IB’s data and the database of the SFOS as at 31.12.2018 was revealed in the course of the evaluation. The database of the SFOS indicated that the 2018 achievement level was 8261, whereas the IB’s explanation referred to 6642.

<sup>91</sup>According to the IB, 41 projects had been supported by March 2019. The last call for proposals was carried out at the end of 2018 and the decisions were made at the beginning of 2019. The Ministry of Finance bases their evaluation and monitoring on the achieved level, i.e. 27 projects.

<sup>92</sup>Information regarding the result indicators of the axis could not be used in the evaluation.



indicator of 12.1.1 can be considered as a **threat** and it is necessary to continue with the local government development activities and also continue with central training at the local government level on a more intensive scale. This need is greatly influenced by the administrative reform and the consequent need to consolidate the results and the great impact on the implementation of several other priority axes of the Operational Programme<sup>93</sup> as well as the high demand for activity 12.1.4 among the target group. For the time being, the indicator level for the entire period has been met for this indicator, but the need for additional activities remains high, suggesting underestimation of the need for activity or the need for substantive adjustment<sup>94</sup>. On the one hand, the consequences of administrative reform ensure continued need (e.g. drafting new plans, developing services). In addition, the workshops and group interviews conducted during the mid-term evaluation confirmed the **problems** of lower level of administrative capacities in Ida-Viru County and South-East Estonia, including lower administrative capacities of companies to apply for and implement measures, as well as the lack of capability of leaders of local economic development (weakness and especially weak cooperation between local governments in dealing with major issues).

322. The budgets and **output indicators** for activity 12.3, 'Development of public services provision' are met. It is considered more difficult to maintain the level of performance of the output indicator 12.3.1, which is due to the institutions' ability to implement development projects and the need to keep the market from overheating. The conscious decision has been to coordinate the implementation of activities so that there is no excessive demand on the market, leading to higher prices and thus allowing to achieve less results. No risk was identified for activity 12.3.2 because the absolute number of the output indicator is small but relevant, as shown by the pace of achievement.
323. The individual result indicators (PA12) of the Operational Programme **allow us to evaluate the substantive efficiency of the activities**. The assessment is based on comparing the result indicators with most of the objectives of GSAIBs and the interviews of the interviewed officials. For example, one of the expected outcomes of the whole axis is to achieve a situation where sectoral policies are developed in close cooperation with related institutions in a more problem-oriented and goal-oriented manner, involving more systematically non-governmental key actors and relying more on the analysis of the potential impacts and planned policies of Estonia and other countries. Supporting the development of comprehensive competencies is important throughout the programme. Result indicators reflect mainly individual projects rather than measure the inherent increase in competence. According to the methodology of the Operational Programme, the main result indicators are therefore essentially output indicators. For example, the result indicators of activities 12.1 and 12.2 'The share of people who have undergone training from the public sector (excluding local authorities) and the non-profit sector whose expertise has increased' and 'The share of those who have undergone training from the local government and the non-profit sector whose expertise has increased' are the most questionable. The current methodology does not really

<sup>93</sup> The problems of regional capacity were highlighted in the discussions on workshops organized during the mid-term evaluation.

<sup>94</sup> The achievement level of output indicator of activity 12.1.4 'Number of LGs and NGOs that participated in trainings supported by the ESF with the objective of increasing their expertise' is 233% of the 2018 target milestone. IB does not find the target milestone set incorrectly and too low. According to the interviewed officials, this is the result of the counting methodology, where consultants who advised the LGs on mergers talked to many people but there were no customary trainings. However, the evaluators estimate that setting the target milestone for the indicator, however, would require more accurate analysis and correction, especially when setting the appropriate expected magnitude. At the moment, the achievement rate reflects the number of people who have been involved in merger counselling, and based on the interviews of residents who participated on the local information days, etc. Thus, the original content of the indicator that emphasizes training and the rise of expertise has altered. The indicator should focus on the growth of competencies, i.e. to count primarily a more specific target group that implements knowledge into practice (e.g. only LG officials and NGO representatives who are also involved in local implementation of processes).

provide information on substantive efficiency.<sup>95</sup> Evaluation of the efficiency of the training and development activities is cognitive and the evaluation of broad-based impacts is expensive and complex; the interviewed parties were convinced in this as well. This is also the reason why IB has not yet found a good methodology for assessing the efficiency and impact of the activities. Also, the result indicator of measure 12.2 'Number of initiatives launched as a result of ESF support to improve cooperation, involvement and better use of information in policy making' does not provide further information on the achievement of the overall objectives.<sup>96</sup>

324. For activity 12.1 (mainly activity 12.1.2), it was most clear that the results were monitored on the basis of a number of other indicators not included in the Operational Programme, some of which are also mentioned in the GSAIBs.<sup>97</sup> The interviews emphasized that these indicators cannot be directly linked to Structural Funds, as they look at activities distantly and other instruments contribute to them. At the same time, Structural Funds make the greatest contribution to the development of administrative capacity. The additional indicators are relevant and more substantive in nature and, according to the evaluators, it is important that most of them already receive regular feedback on the basis of which the activities are planned (e.g. the regular commitment survey). Therefore, consideration could be given to replacing the result indicators of the Operational Programme with the indicators that are monitored anyway.<sup>98</sup>
325. **The contribution of Structural Funds** can be considered high, as it is quite probable that administrative capacity-building activities would not be possible on such a scale and with such system only from state budget funds. The most significant added value in developing administrative capacity is the **central coordination** that has been made possible by the use of Structural Funds. This has ensured that the level of the developments is uniform and horizontally available to all organisations of the target group. The central organisation of the activities also horizontally reflects the priorities and objectives of the Government of the Republic and monitors their compliance. Without central coordination, the practice of the ministries would be very inconsistent.
326. IBs and IAs are convinced that while there is a question as to whether the administrative capacity should be financed by the Structural Funds, as these is the state's own current tasks, it has been monitored at the selection of activities to finance complex, high-impact and value-added projects (see also: above), which ensure the growth of transversal competences and address the major issues of government governance highlighted in the OECD Action Plan. Important milestones have been the administrative reform, preparation and support for the Estonian presidency, transition to activity-based budgeting, activities related to state reform. It would most probably not have been possible to implement these in such a volume and

<sup>95</sup> In the case of a result indicator, the proportion of those who have passed the development activity is used as a unit of measurement. The process of calculating the result indicator is as follows: number of participations in the development activity x 100 / number of planned participations in development activities.

<sup>96</sup> See, for example, the result defined in the GSAIB 'On the basis of the analyses and suggestions made, reforms and restructuring to achieve efficiency, effectiveness and resource efficiency have been implemented' (GSAIB 12.1.3).

<sup>97</sup> Activity 12.1.2 sets out: 'In addition to the result indicator of the Operational Programme, the efficiency of the activities carried out is measured on the basis of the methodology to be developed and the satisfaction of the activities carried out. The additional national result indicators aim to provide an assessment of the increase in the expertise of participants in training and development activities' (Explanatory Memorandum to Annex to the Decree 'Conditions for Granting Operations 12.1.1 'Human resource training and development'). Based on the interview, the following indicators are monitored for the activities 12.1.2 and 12.1.1: the number of candidates, the success of competitions, the participation activity in development activities, the study of commitment, the share of innovative managers, the feedback of the selection committee. For activity 12.1.4 in GSAIB an additional result indicator is 'The share of united local governments in the local governments receiving support', as many activities support the implementation of administrative reform. There is also an additional output indicator in 12.1.4 GSAIB: 'Number of partners and organizations involved in the project'. This indicator was set because, in open calls, joint projects of local governments and other organizations were preferred (interview with IB representative).

<sup>98</sup> Since the relevant potential result indicators of the administrative capacity axis are primarily qualitative, they are not in line with the SF Operational Programme indicators framework, which requires quantitative indicators. The level of substantive efficiency is also assessed by the satisfaction rate, which is high for training and development programmes. Several success stories also speak about efficiency (qualitative assessment).



compactness. Concerning measure 21.1, the activities have contributed to the development of human resources at a different level and to institutional capacity building. The IB representatives highlighted several success stories.<sup>99</sup> Implementation has led to an **increase in inter-agency co-operation** as the axis is addressed to projects that require agreement between different parties and the setting of common goals and interoperability. Regarding the administrative reform, the contribution of activity 12.1.4 is significant, as the IB is convinced that the LGs have their own burning issues and do not have the resources for such local development activities. This is also confirmed by the workshops and other studies carried out within the mid-term evaluation<sup>100</sup>. **A great contribution**, but also a continuing need, is seen in the **activity 12.3**, where the interviewed officials themselves consider the contribution of the measure to the overall ICT development of Estonia to be very high, which can be assessed primarily through the rise of Estonian ICT success stories and general awareness of the provision of public services and the necessary development and maintenance activities.<sup>101</sup>

327. In the implementation of the axis, the **impact of external factors** has not been directly impeded, although the **overheating of the market was mentioned as an issue in carrying out public procurements for both trainings** <sup>102</sup> and under measure 12.3, which needs to be optimized by skilful planning of activities. The slow start-up of large-scale projects in activity 12.3 has been mitigated, for example, by the introduction of continuous calls for proposals. Also, the conditions for granting support were changed, and clearer and shorter application forms were introduced, resulting in a shortened procedure time and increased payments. Rather positive impacts came from the state reform and the establishment of the position of the Minister of Public Administration and the follow-up of state task analysis. In particular, this provided action for activity 12.1 and, according to the interviewees, the opportunity to implement development activities more effectively, so that only the management systems of individual central government organizations would not be financed, but the possibility would be to develop central government processes horizontally. According to the IA, this development also gave different ideas on how to broaden the wording of the result indicator <sup>103</sup> and to fund various projects from the measure. IB has consistently sought to find ideas on how to compare projects and learn from each other to ensure sustainability of activities.

### G.13 The assessment of the efficiency of the priority axes 13 and 14 ‘Technical Assistance’

328. Priority axes 13 and 14 (Technical Assistance) have been implemented to support the efficient implementation of the 2014–2020 Cohesion Policy Operational Programme and the Partnership Agreement.
329. Since the objectives, activities, and output and result indicators for assessing the achievement of objectives for each of the Technical Assistance priority axes are the same, they will be

<sup>99</sup> Under measure 12.1.1, a wide range of EU presidency trainings were funded. Thus, the activity had a significant impact on increasing the competence of Estonian personnel for the EU presidency. In the framework of 12.1.1 also public service design programme and a UX Future Conference were carried out, both of which have had a significant impact on enhancing the country's competence in implementing modern service design tools and design thinking. In addition to the service design programme the development programme for middle managers (KAJA) is also a success story (interview with IB representative).

<sup>100</sup> See, for example, the chapter on relevance. Mid-term Evaluation of the Civil Society Development Plan 2015–2020 2019 (published).

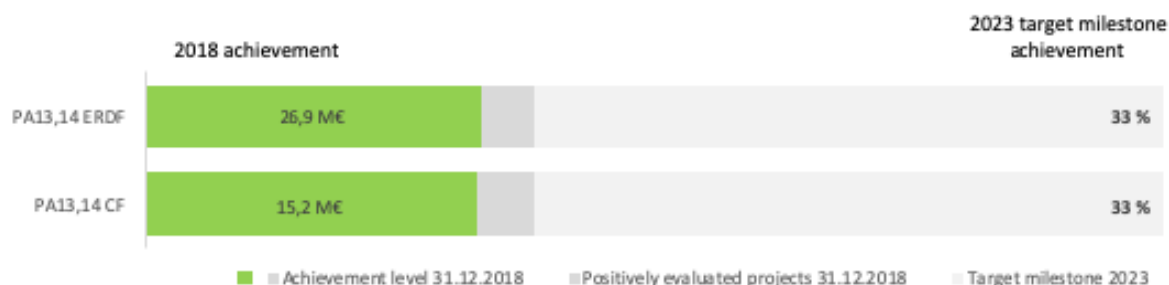
<sup>101</sup> Interview with the IA indicates that in addition to result indicators, the efficiency of Estonia is demonstrated by the ICT success stories of Estonia and large systemic developments – e-government, the continuous development of public e-services, etc., which are innovative and which are also learned from in other countries. SF contribution has been great to move towards goals just through large and necessary projects. The IA has also noticed a steady increase in ICT awareness and capability by state and LG agencies that submit applications and implement projects.

<sup>102</sup> In particular, this is a bottleneck in activity 12.1 for central and senior management training. The training market in Estonia does not meet the demand in some places, it is difficult for external trainers to get to Estonia, the preparations for the programmes are complex and can take a lot of time.

<sup>103</sup> In measure 12.1 the result indicator ‘Number of supported central government organizations with one fully implemented management system or structured inter-institutional process’ added just by adding ‘process’, as it provides better information on efficiency and plans to extend the measurement time of the result, which is currently according to GSAIB for one year. It has become apparent that the rooting of complex and long-term processes needs more time to evaluate efficiency.

considered together in the subsequent analysis. All Technical Assistance expenditure and cost monitoring data are shared *pro-rata* between ERDF and CF funds<sup>104</sup>.

Figure 317 Status of ERDF and CF payments under priority axes 13 and 14 31.12.2018



Source: SFOS

330. The **objective** of using Technical Assistance funds is to efficiently implement the 2014–2020 EUCP Operational Programme, keeping an efficient implementation system in place. Priority axes contribute to the achievement of the objectives of all other axes.<sup>105</sup> Means of Technical Assistance are needed to carry out mandatory operations related to the implementation of Structural Funds, such as monitoring and evaluation, payments, audits and controls.
331. Priority axis 13 is financed by ERDF funds (volume 80.7 million euros) and priority axis 14 is financed from CF funds (volume 46.3 million euros). Target milestones for **financial, output and result indicators for the evaluation of TA priority axes have not been set for 2018**, target levels are only set for the end of the programme period in 2023.
332. Financial indicators for TA show that 33.1% of the total programme period funds have been used by the end of 2018. As of 31.12.2018, 32.0% of the total funds of the priority axes 1 to 12 have been used, so the TA funds are used in the **same proportion** as the execution of the entire Operational Programme.
333. Regarding Technical Assistance, the target milestones for financial indicators are the limit for the use of maximum allowable funds and efficiency is measured through other indicators. **One efficiency indicator may be the ‘rate of implementation cost’, which is less than 3% in 2018.** According to the performance levels of 2018, the cost of implementation has been 2.9% (PA 13–14 volume / PA 1–12 volume). The amount allocated for Technical Assistance from the funds shall be limited to 4% of the total amount allocated to the Operational Programmes implemented in the Member State <sup>106</sup>. Thus, **implementation** has been **efficient** and has remained below the permitted level. As the objective of the TA priority axis is primarily to support the effective and efficient operation of the Operational Programme, we recommend that the **implementation cost be included in the result indicators** (the cost of Technical Assistance divided by the total cost of the remaining axes by the end of the period).
334. The achievement of **output indicators** has also progressed in the same rhythm as the implementation of the Operational Programme. The average achievement level of the output indicators of priority axes 13 and 14 is 30% of the 2023 target. Four output indicators have been taken into account in the calculation of the average, as the output indicator ‘Number of staff in Structural Funds co-financed by Technical Assistance’ shows the maximum level and is not an objective that should be achieved over the period.
335. Out of the five output indicators, three relate to the efficiency of the training activity and have been met on average by 31% of the 2023 target milestone. As the employees of the Structural

<sup>104</sup> Operational Programme for Cohesion Policy Funds 2014–2020, 21.12.2018, page 175.

<sup>105</sup> Operational Programme for Cohesion Policy Funds 2014–2020, 21.12.2018, page 172.

<sup>106</sup> Regulation (EU) No. 1203/2013 of the European Parliament and of the Council of 17 December 119, Article 119.

Funds administration were involved in the preparation and conduct of the Estonian EU presidency, it had, according to the representatives of the intermediate body, an impact on the training activities. On average, 26% (22% for ERDF and 30% for CF) of the output indicators of the number of evaluations of the Operational Programme carried out have been met. Evaluations are organized according to the schedule in the evaluation plan, the highest load is in 2018 and 2019. The achievement level of the output indicator for the Structural Funds administration co-financed by Technical Assistance has been significantly lower (67%) in all years from the 2023 target milestone and declining. The IBs and IAs themselves have estimated that the existing number of employees is optimal and allows the set tasks and objectives to be met.

336. Three result indicators related to the Operational Programme have been identified to monitor the progress of the Technical Assistance axis and to assess its impact: 'error rate of violations', 'staff turnover related to the implementation of the Operational Programme / Partnership Agreement' and 'public awareness of Structural Funds'.
337. The baseline error rate of violations (2013) is 0.63% and the target milestone for 2023 is below 2%. **The error rate for the Operational Programme at the end of 2017 was 1.68%.** The error rate for violations has grown year by year, but has been below the allowed level. Most of the violations with financial impact identified by the project audits are related to the conduct of public procurement and the targeted use of support<sup>107</sup>. The baseline (2013) for the result indicator 'Operational Programme / Partnership Agreement implementation staffing' is 18.9% and the target for 2023 is 15%. The achievement level in 2017 is 7.2%, which is quite low. The result indicator is **relevant**, as lower staff turnover helps to ensure continuity in the work of the Structural Funds Administration and maintain a high level of competence. However, it is not important to keep the staff turnover low only in few years but cumulatively throughout the programme period. **The result indicator 'public awareness of Structural Funds' shows a downward trend.** The initial level (2013) was 94% and the aim is to maintain this level of awareness. In 2014–2017, the awareness was respectively 94%, 90%, 82% and 83%. By using mainly social media, the information reaches the recipients who are already informed and this may not significantly increase the awareness. As a metric, one might consider how many find that the impact of supports on Estonia's development is positive and/or that supports are directed to the right areas.
338. The output and result indicators of the priority axis do not reflect the assessment of the efficiency of the activities related to the preparation of the framework required for the use of Structural Funds and the preparation for 2020.
339. In summary, it can be estimated that the TA priority axis is functioning as planned and there is reason to assume that the objectives set for 2023 will be met in terms of the use of output indicators and financial resources.

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<sup>107</sup> Annual Implementation Reports and Final Implementation Reports on the Growth and Jobs Investment Goal 2017 page 10.

## Annex H Project selection evaluation sheets

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Included as a separate Excel file for the final version of the Final Report.

## Annex I A leaflet introducing the results of the evaluation in Estonian and English

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Included as separate PDF files for the final version of the Final Report.

## Annex J Presentation of the evaluation results in Estonian and English

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Included as separate PowerPoint files to the final version of the Final Report.



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