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**Tegemist on perioodi 2021-2021 Partnerlusleppe tööversiooniga. Selle peatükkide juures on nende koostamisaeg. Avaliku konsultatsiooni alguseks (u 23.08) dokument tõlgitakse ja lisatakse keskkonnamõju strateegilise aruande eelnõu juurde eestikeelsena.**

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## 1. SELECTION OF POLICY OBJECTIVES AND THE JTF SPECIFIC OBJECTIVE

**Table 1: Selection of policy objective and JTF specific objective with justification** [tekst 21.06.2021 seisuga]

Selected policy objective	Programme	Fund	Justification for selection of a policy objective [3500 per objective]
PO1		ERDF	<p>One of the 5 strategic long-term goals of the strategy "Estonia 2035" is "Estonian economy is strong, innovative and responsible". By 2035, we want to reach with the labor productivity rate the EU average and increase the share of investment in intangible assets. The investments will address the development needs and the goals of Estonia 2035 and objectives described in relevant sectoral policy and development documents, e.g in the national RTD and entrepreneurship strategy, which aims to create competitive conditions for knowledge-based productivity and well-being growth and to ensure the sustainability of Estonian society through efficient and effective policies that favor research and development, innovation and entrepreneurship.</p> <p>The overall productivity of labour was 77.2% and 50% in the manufacturing industry of the EU average in 2018. The general innovation performance of the country is moderate and rather in decline, the industry relies on a narrow base of high-tech companies, and the proportion of employment in fast-growing companies in innovative and high value-added sectors remains low and holds back productivity growth and competitiveness. Modest co-operation between companies and research institutions, exporting local resources as raw materials, low knowledge-intensity and a modest position in the international value chain are also a cause of concern. By the share of research and development investments by companies in the GDP, Estonia is below the European Union average (0.61% of the GDP in Estonia in 2018, while the European Union average was 1.43) and the volumes are modest (a total of 241,5million euros in 2019). The number of people involved in research and development work in the business sector is small (approximately 2,600 people in 2019) and the level of integration of digital technologies in the business sector is low compared to the rest of the EU (Estonia is ranked 16th<sup>1</sup> in 2020). The focus must be on increasing R&amp;D investments and fostering innovation, building the knowledge transfer capacity and fostering cooperation between businesses and research institution, which will allow increased digital technologies and automation to help companies adapt to an increase in workforce. To promote export potential, trainings, counselling and other forms of support should be provided proactively to companies with high export potential, from prototyping to creating a marketable product. In order to facilitate export, it is necessary to mediate contacts with foreign partners, seek for new target markets and support companies by strong international network that can be provided inter alia by the Estonian foreign missions. Special focus is needed for small and medium-sized enterprises, including companies in the cultural, creative and tourism sectors, which are important in terms of overall added-value and employment. However, their productivity growth remains relatively slow and positioning in the global value chains is weak. In order to promote entrepreneurship, it is necessary to provide support services, knowledge and skills development and grants, including to agile and attractive start-up companies, in order to ensure the viability and durability of their business solutions.</p> <p>Approximately 2,773<sup>2</sup> public e-services are provided in Estonia (2020), but their quality, coordination and user friendliness is uneven and insufficient attention has been paid to the development of services for users of the smart devices and people-centered nature of services (incl. accessibility of e-services for the visually impaired</p>

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0505&from=EN>

<sup>2</sup> <https://e-estonia.com/>

			<p>(and for people with special needs). Despite the leading position of Estonia in e-Government, the transition of industry and small and medium sized enterprises to new technologies is held-back by the low capacity of the companies to innovate and insufficient digital skills within companies. Harmonization of the quality of public services and good accessibility will be supported by common, more integrated, interoperable, reliable, evidence-based solutions for Estonia that are developed considering a user-driven approach and which will give input for research and evidence-based policy making.</p> <p>Access to high-speed internet in rural areas is still rather difficult. At the same time, new businesses started in more sparsely populated areas and new types of working forms, need better access to high-speed internet in order to establish workable business and working environment outside the city areas. In 2020, the share of 100 Mbit/s (or faster) connections from all the permanent internet connections, was only 26%. To improve access to e-services (quality), to close the digital divide gap between urban and more sparsely populated areas, support businesses and working solutions in more sparsely populated areas, investments in new very high capacity access networks and 5G connectivity are needed.</p>
PO2		ERDF, CF, EMFAF	<p>One of the goals of the “Estonia 2035” strategy focuses on living environment – “Estonia has a high-quality living environment that accepts everyone's needs and is safe”. By 2035 we want to increase our living environment satisfaction of people and to improve the environmental performance indicators of the sustainable development. Investments will support the achievement of the “Estonia 2035” goals and will be based on the development needs outlined below. The value of greenhouse gas emissions in Estonia has been stable. Estonia's greenhouse gas emissions excluding LULUCF in 2019 were 14699.12 kt CO<sub>2</sub> equivalents<sup>3</sup>. Estonia's 2030 greenhouse gas emission reduction targets are among the most ambitious in the EU (-70% vs. 1990). Further efforts are needed to reach this target, also for nonemission trading system sectors. Greenhouse gas emissions have been rising in the industry and agriculture sectors. High energy costs of using non-renovated heating systems and buildings have also a negative impact on the climate. Energy consumption of buildings make up a significant part (40-45%) of Estonia's energy balance. The investments made to increase the energy efficiency of the residential buildings are based on the “Estonian National Energy Development Plan 2030” and will be fixed in the “Long-Term Strategy for Reconstruction of Buildings” to be completed in 2020. The reconstruction of the housing stock can reduce up to 50% of the heating energy needs of buildings.</p> <p>In waste management sector and circular economy, one of the main problems is the municipal waste recycling rate, which is 30,8%<sup>4</sup> (2019), compared to the EU average of 47,7 %. Another problem in Estonia is low resource productivity (€ 0.44 per kg in 2018), where the gap with the EU average (€ 1,91 per kg in 2018) is wide. In business, greater emphasis must be placed on green technologies, efficient production and the value of local resources. About 21 % of SMEs in Estonia take action to save energy, but only 8 % save water and 9 % minimise waste. SMEs in Estonia are the least likely to save materials (15 %), or to recycle by reusing material or waste within the company (13%). Waste management and circular economy bottlenecks (including waste prevention) will be addressed according to the National Waste Management Plan 2022-2028.</p> <p>Climate change is already affecting Estonia in the form of coastal erosion and flooding, affecting the economy and damaging infrastructure. Infrastructure and urban planning must already take into account the effects of climate change and its prevention. The preparedness of local authorities and the state to respond to crises is low, coordination is lacking and potential crises can be underestimated. In order to assess and prevent risks, risk analyzes are performed, which are based on “Estonia's future climate scenarios until 2100” and which address all natural and climate change threats.</p>

<sup>3</sup> <sup>3</sup> Keskkonnaministeerium. (2019). Greenhouse gas emissions in Estonia 1990-2019 National Inventory Report. Tallinn. Allikas: [https://www.envir.ee/sites/default/files/Kliima/nir\\_est\\_1990-2019\\_15.03.2021.pdf](https://www.envir.ee/sites/default/files/Kliima/nir_est_1990-2019_15.03.2021.pdf)

<sup>4</sup> [https://ec.europa.eu/eurostat/databrowser/view/t2020\\_rt120/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/t2020_rt120/default/table?lang=en)

			<p>The environment and air quality are influenced by transportation – private means of transport (passenger cars mostly) is preferred and there has been no growth among the users of public transport. That directly has a negative influence on environment and people’s health in urban areas. The transport sector is the main cause of deteriorating air quality in Tallinn. In 2016, exposure to fine particulate matter (PM2.5) caused approximately 500 premature deaths. The use of alternative energy vehicles is very low (1.9% in 2019). The use of vehicles using alternative fuels in sparsely populated areas, including public transport, is no less important. The network of bicycle lanes is incomplete and insufficient to support the significant growth in the use of light vehicles as a means of transport. In order to support urban environment with clean air, non-fossil fuel vehicles in the city environment have to be supported and investments in bicycle network and other comprehensive solutions to support the use of light vehicles are needed. To reduce air pollution and support health, energy efficiency and effectiveness of urban transport systems need to be increased and environmentally friendly technologies developed.</p> <p>Strategic goals for the development of fisheries and aquaculture sectors have been established in the “Development plan for agriculture and fisheries up to 2030” (PÕKA). The abundance of water bodies and natural conditions in Estonia ensures relatively good and diverse fish stocks and its natural reproduction. However, because of environmental changes and human activities, the number of spawning grounds has decreased significantly and large number of economically important fish stocks are used on the level, which is not sustainable in long term. Baltic Sea trawling has become viable thanks to investments and establishment of producer organisations, but the bottleneck is the high age of the vessels. The development of long-distance fishing is limited by fishing capacity and the ageing of the fleet. The fishing industry is export-oriented, while frozen fish accounts for 65 % of total exports of fishery products. Freshwater aquaculture is fragmented, with a wide range of production methods being used at low production levels, while new development opportunities are seen in marine aquaculture.</p> <p>The problem for the whole sector is the ageing of the workforce, the shortage of specialists and skilled labour, and the low attractiveness of fisheries among young people. Electronic tools have been put in place for fishing authorisations and data exchange, which have enhanced monitoring. In professional coastal and inland fishing, e-solutions are however used modestly.</p> <p>The level of private investments in innovation and product development are low. In all subsectors the better use of resources, including energy efficiency needs attention.</p>
PO3		ERDF, CF	<p>“Estonia 2035” long-term strategy has a goal “Estonia has a high-quality living environment that accepts everyone's needs and is safe”. Satisfaction rates on living environment was 84,54% (2020) and rates in unnatural causes of death was 57,96 per 100 000 inhabitants (2019). Investments will support the achievement of the “Estonia 2035” goals and will be based on the development needs outlined below.</p> <p>Estonia is a sparsely populated peripheral country in the EU and many policy areas depend on a well-functioning transport system. Population aging and urbanization as trends have to be considered when planning investments in connectivity and urban environment. 69.4% of the population lived in Estonian cities in 2018 and the share of elderly population will rise by 2035 to 25%. Adjusting to such changes national and local investments must be in line and balanced with each other. Urbanization puts additional pressure on sustainable mobility, accessibility, traffic congestions and emissions. According to these trends, universal design principles, must be applied to ensure good accessibility to services. Also, rural areas need more connectivity investments to ensure good living and work opportunities as an alternative to urban environment.</p> <p>According to the statistics, 25% of all the public roads were in bad or very bad condition. As in rural areas, predominately passenger vehicles are used, good road maintenance is very important. Investments to increase the completeness of the core TEN-T, where Estonia ranks as one of the worst in EU both for rail and road networks</p>

			<p>development level, is therefore a necessity. Therefore investments are done in TEN-T compliance with the requirements of Article 17.3 b) and Article 39.2 c) of Regulation (EU) No. 1315/2013 and will contribute to completion of TEN-T core network and access to them by constructing 2+1 or 2+2 road sections to meet road safety and environmental requirements. Investment needs in the transport sector until 2030 are estimated to be €2 billion for the road corridor network and €2,4 billion for the rail network. The objective is to increase freight transport on rail on the expense of road freight.</p> <p>Public transport is accessible to 76% of the Estonian population in rural and urban areas, but the combination of time usage, incompatibility between trains, buses and ticket systems doesn't favour the growth of public transport users. Poor pavement conditions is a challenge especially in sparsely populated areas, which complicates permeability and access to public transport during difficult weather conditions. To meet the EU climate goals and reduce travel time in Estonia, investments in public transport system are necessary, and considering that Estonia has a low population density, improvements in public roads network are also needed, to ensure accessibility and decrease CO2 emissions from transport.</p> <p>The number of public transport users compared to car users is in a downward trend. In 2019, 2,6% used public transport, 15,6% travelled on foot and 2,5% used bicycle (altogether only 39%), although 76% of the population has access to public transport. Main obstacles are the incompatibility between different transportations and time-consuming travel time, so passenger car is mostly preferred. 94% of transport sector greenhouse gas emissions are produced by road transportation and from that 67% is produced by passenger cars. Railroad can decrease the share of road transportation between larger centres, but it needs more investments to improve travel time and increase efficiency (by increasing the maximum allowed speeds). A rail measure has been designed that focuses only on the development of sustainable transport: the electrification of the railways, the straightening of curves, which should increase train speeds and increase the number of train passengers in the future.</p>
PO4		ERDF, ESF, EMFAF	<p>The goals of the long-term strategy "Estonia 2035" are "Smart, active and healthy people are living in Estonia" and "Estonian society is caring, cooperative and open". By 2035, we want to raise healthy life expectancy and the rate for lifelong learning, as well as to increase participation in labour force, in culture, sport and volunteering activities. Our goal is also to increase the indicator for people's caring and willingness to cooperate, indicator measuring interactions between different social groups and the indicator for The Risks That Matter (OECD).</p> <p>The overall unemployment rate is low (4.4% in 2019), but Ida-Virumaa region clearly differs from the others, where the unemployment rate is twice as high as Estonian average (8.7% in 2019). As a result of the COVID 19 crisis, Estonian employment decreased more than the average of European countries, which suggests that the response of companies to the crisis has been stronger than average, despite the relatively large-scale wage support measure of the Unemployment Insurance Fund. At the same time, there is a lack of suitable labour in the industrial-, service- and especially in IT- sector. Labour supply has not kept pace with the changing needs of the economy and that the skills of the workforce do not match the needs of the labour market. The employability of recent VET graduates is insufficient. The share of students leaving education and training system early without completing upper secondary education is 9,8% (2019) of 18-24 (EU average 10.3%). In addition, in order to achieve a swift recovery from the economic and labour market impact of the COVID-19 crisis support to people re-and upskilling is needed. Lower popularity of science and engineering curricula is also a problem in higher education besides to early leaving. The difference in the results of Estonian and Russian basic schools persists and increases regional differences and hinders mobility in the country due to the language barrier. The proficiency in Estonian of students with other mother tongues is still poor. Therefore, in order to bridge the gaps arising from low language skills, the opportunities to learn Estonian at a young age need to be expanded. Almost 30% of the Estonian population</p>

		<p>are people of other nationalities and with a mother tongue other than Estonian. Integrating such a large population group is a major challenge for Estonia in order to reduce ethnic segregation in the labor market and socio-economic gaps. The need to provide adaptation and integration support services (cooperation activities, communication, information exchange) to new and larger target groups is growing due to the increasing number of immigrants and returnees. The working age population will decrease by about 12% by 2035 and the share of people aged 65 and over will increase to 25%, leading to a growing demand for labour. Through various flexible solutions, contributing to reducing age pressures and improving the health of the population, as well as empowering the elderly and lifelong learning opportunities, the state can alleviate the shortage in labour force and encourage working in retirement. Bringing to the labour market those who are unemployed or inactive and support the groups most in risk (e.g. people with reduced working capacity and health problems, NEETs, people with care burdens, non-Estonian-speaking and older workers, young mothers returning to work after parental leave, workers with low-or outdated skills etc) is indispensable. In order to improve the position of at-risk groups in the labour market, reduce the gender pay gap and at the same time meet the expectations of employers, it is important to offer learner-centred trainings and promotion of digital skills, which prepare workers to leave low-tech industries, support the promotion of employment in rural areas and help to integrate people with special needs into the labor market.</p> <p>To increase life expectancy and average healthy life years it is important to support measures that help increase the health education of the population, reduce health inequalities, improve equal and timely access to integrated and people-centered health services, and reduce material deprivation. Also it is necessary to pay attention to creating a safe living and working environment and increasing the quality of occupational healthcare. Special attention needs to be paid to the high care burden, which hinders participation in the labour market and increases the risk of poverty. Due to the aging population and the growing proportion of people with chronic diseases, ensuring the quality and availability of health services, including long-term care and occupational health care, requires sufficient, competent and motivated health workers and professionals, supported by both service management and innovative digital solutions.</p> <p>Development of social system is built on the principle of deinstitutionalisation (DI). There are currently 80,000 long-term care receivers but the actual need is estimated at least 132,000. It is necessary to invest in community-based service units, service houses, day care and general care places and continue with the adaptation of homes to enable home-based service provision. For the successful implementation of the long-term-care (LTC) reform. The intervention aims to support activities which help to implement the LTC reform and for the support of the integration of the health and social sector, it is important to invest in the infrastructure based on the principle of DI and fully support people's independent living and coping.</p> <p>Small-scale coastal and inland fisheries have been successfully developed in the previous programming periods using the community-led local development approach (CLLD), however the average income and investment capacity is still low due to low catches, low value of fish and under-utilisation of production and processing capacity for fishery and aquaculture products. Fishing ports and landing sites continue to need investment to improve infrastructure, equipment and promote multifunctionality.</p>
P05	ERDF	<p>The goals of the strategy “Estonia 2035” are “Estonian society is caring, cooperative and open”, “Estonia has a high-quality living environment that accepts everyone's needs and is safe” and „Estonia is an innovative, reliable and people-centered country“. Satisfaction with the living environment and environmental indicators of sustainable development have increased in 2035. Planned investments are in line with the goals of “Estonia 2035” and are addressing the following development needs. Also, interventions to tackle with following challenges should be based on the principles of the European Pillar of Social Rights.</p> <p>Estonia has large regional disparities in living standards and unemployment rates. In 2018, 21.7% of the population lived in relative poverty in Estonia (EU average 17%)</p>

		<p>and the differences are large regionally, in Southern Estonia 25.4% lived in relative poverty, Ida-Viru 35.5%. Unemployment in 2019 was 3.4% in Harju County and 4.1% in Tartu County, while it was 8.7% in Ida-Viru County and 9.1% in Valga County, respectively. Poverty and unemployment are interlinked, and regional measures are needed to tackle them, incl. with an aim to create new jobs.</p> <p>In order to create an attractive regional business environment, it is important to support various activities arising from the needs of the region in an integrated manner. On the other hand, it is important to provide support services for the unemployed and inactive workers.</p> <p>To address urbanization and population change, investments in the development of entrepreneurship, education and other key areas must be made in a balance with the regional specifics. Also local government capacity supporting activities are needed, incl. for developing and providing public services.</p> <p>There are large regional differences in income that also causes health inequalities. In Harju County, where 45% of the Estonian population lives (2020) and 65% of the country's GDP is generated (2018), incomes are close to the EU average, but in other regions they are much lower. The gender pay gap is also still a problem, Ida-Virumaa clearly stands out in terms of the pay gap, 27.9% (2017), Estonian average was in 2018 18,7%. The regional difference between Harju County and other regions is due to the faster decrease and aging of the population in other regions and, above all, the outflow of young people. Higher-skilled workers and jobs have moved to a few larger urban areas, resulting in high proportions of low-income residents and older people outside urban areas. Therefore, according to employers, there is a lack of skilled labor, which is why it is necessary to promote needs-based retraining opportunities or use other solutions to solve the problem of labor shortages.</p> <p>In Estonia, Ida-Virumaa differs from other regions with the largest regional socio-economic differences (and to a lesser extent South-East Estonia) - according to OECD 2018 data, Ida-Virumaa was among the last 20% of the 395 OECD regions, which are the regions with the lowest level of development. People's healthy life expectancy differs regionally - in South Estonia and Ida-Virumaa, it is about 10 years shorter (2018) compared to Northern and Western Estonia, and it is also proportional to the amount of income. The physical and socio-economic living environment has a significant impact on human health, and the co-operation of local governments and communities is important in shaping it. Entrepreneurship in Ida-Virumaa is at the lowest level in Estonia - the Estonian average in 2018 was 99.8 companies per 1000 inhabitants, in Ida-Virumaa the corresponding indicator was 45,8 companies.</p> <p>The development of urban areas plays an important role in the economic development of the country. It is also a priority target highlighted by the EC. Larger urban areas face a number of problems associated with uneven growth, such as the undesirable environmental effects of suburbanisation, environmental and climate issues are becoming more and more important as a common challenge for urban areas. Smart solutions for the urban environment offer an increasing opportunity to address these challenges. In Ida-Viru urban areas the challenges are connected to the low attractiveness of the living environment, the large share of underused urban areas and the housing stock's non-compliance with needs.</p>
JTF		<p>JTF</p> <p>In 2019 Estonia committed to the common goal of reaching a climate-neutral Europe by 2050, and in 2020 – to the European Commission's 2030 Climate Target Plan which proposes to cut greenhouse gas emissions by at least 55% by 2030 and sets Europe on a responsible path to becoming climate neutral by 2050.</p> <p>In December 2019, Estonia communicated to the European Commission its “National Energy and Climate Plan (NECP 2030)” that sets the objectives of reducing GHG emissions and primary energy consumption and increasing the share of renewable energy while maintaining the security of supply.</p> <p>The majority of Estonia's GHG emissions are produced by the energy industries sector – 68% and 56% of total GHG emissions in 2018 and 2019 respectively. A substantial amount of energy-related emissions are caused by an extensive consumption of fossil fuels for power and heat production. In 2019, the supply of primary energy was 218.9 PJ, of which oil shale (not to be confused with “shale oil”) comprised 65%. Hence, the</p>



			<p>transformation of the energy sector, and specifically the oil shale sector, has most influence on Estonia's progress towards climate neutrality. On the other hand, from a 12% drop just over the recent years, we can see that the energy sector is already undergoing major transformation.</p> <p>The oil shale sector is highly concentrated in the Ida-Viru region of Estonia, resulting in the fact that oil shale related companies located there account for over 50% of Estonia's total GHG emissions. This is why the transition to climate neutrality will have – and is already having – the largest impact specifically on this region.</p> <p>The oil shale sector has been strategically important for the Estonian economy since the 1920's and has substantially influenced the socio-economic and environmental conditions of Ida-Viru. The peak of oil shale mining and processing in Ida-Viru was in the 1980s, with over 14,000 people working in the mines alone. However, since the 1990s the sector has been in decline and the current number of employees in all the core companies of the sector together stands at apx 5,000 people.</p> <p>Employees in the oil shale sector make up 13% of all employees in the region, but labor taxes paid for them account for 1/4 of the region's labor taxes. The oil shale sector is characterized by a significantly higher average salary than the county and the Estonian average, which makes mobility of employees difficult. The core companies of the oil shale sector are the cornerstone of Ida-Viru region's economy, both in terms of their turnover and high impact on companies dependent on them.</p> <p>In order to phase out electricity production from oil shale in a fair way, targeted support for the mitigation of the socio-economic and environmental impacts of reduced electricity production from oil shale is needed during the transition period.</p>
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## 2. POLICY CHOICES, COORDINATION AND COMPLEMENTARITY [THE LENGTH OF THIS CHAPTER IS BETWEEN 10 000 AND 30 000 CHARACTERS]

### 2.1. A summary of policy choices and the main results expected for each of the funds covered by the Partnership Agreement [tekst 21.06.2021 seisuga]

With the support of the European Regional Development Fund (ERDF), during the budget period of 2021-2027 and as part of the "Smarter Estonia" policy objective, it has been proposed to focus on advancing research and development activities as well as innovation, using effective incentives. The support will be directed to move towards technology- and knowledge-intensive sectors, while increasing synergies between the needs of companies and the priorities of research institutions, while also increasing investments for the digitising and automatising of organisations to improve the productivity, innovation and potential to succeed in smart specialisation sectors. As a result of these planned interventions, supported by ERDF and through the smart specialisation sector areas of growth, there will be increased local impact of the RTDI system (national system of Research, Technological Development and Innovation) on the local socioeconomic area, and there will be an increase in the value added for the companies in the growth areas. The focus of interventions directed at small-and-medium-sized businesses is on the upsurge of growth-potential and competitiveness, supporting export capacity, internationalisation and also improving the position in the global value chains. As a result of these interventions, there will be improvements in companies' effectiveness and export capacity, as well as increases in the value added, a rise in entrepreneurship of Estonian residents, the realisation of business growth potential and development of SME's access to capital. The investments, connected with improving online services from the ERDF, are directed at creating a common service space for public and private sectors, introducing them in a way that supports new interactive online solutions (including readiness or created conditions for potential cross-border interaction) and applying them, while still supporting the continuity of action, performance and the sustainability of existing systems that are at times outdated. As part of a "Greener Estonia", a significant amount of ERDF resources are earmarked for investing in improving the energy efficiency of buildings, and through that support, the achievement of climate goals. In addition, as part of the "Greener Estonia", ERDF support will be used to prevent the risks associated with climate change, increase the readiness to deal with the effects of climate change as well as contributing to the mitigation of the effects of climate change by capturing CO2 over wetlands. To improve sustainable city transport, it is planned that funds from the ERDF are applied for the construction of a central network of bicycle paths, planning community hubs with easy public access and developing Tallinn's rail transport network to name a few, to achieve the reduction of carbon dioxide emissions through developing sustainable and viable transport links as a priority.

As a part of the “Connected Estonia” objective, ERDF resources will be directed at the development of a high-capacity broadband infrastructure to provide access to a reliable and fast internet connection in the rural areas of Estonia, developing the 5G network in the most important transport corridors, as well as residential and business areas, to create preconditions for businesses and people to use 5G communication services and 5G to develop services offered by businesses. Plans for implementing resources from the ERDF are also in connection with the “Social Estonia” policy, where investments are made to public health services and social care infrastructure that supports improving the accessibility of the services as well as the long-term care and integrated welfare services, according to deinstitutionalisation principles.

The “Closer to people Estonia” objective directs EDRF funds to the integral social and economical development in the city areas, as well as attractive regional residential and business areas, accessible public services, boosting local council capabilities and developing the primary school network across the country. As a result of these interventions, the regional enterprise sector will gain momentum and add value. There will be a decline in the regional prosperity gap and the quality of life will be improved throughout Estonia; in cities, small towns and rural areas.

The “Greener Estonia” policy objective, with the help of the Cohesion Fund (CF), aims to contribute to a rise in sustainable energy consumption by modernising district heating systems, implementing more sustainable heating solutions, and promoting the use of biomethane. Through investment, there will be an increase in the utilisation of energy-efficient and environmentally friendly solutions in local infrastructures (district heating systems) and an upsurge in the percentage of overall renewable energy consumption in the entire energy sector. It also plans to contribute CF resources to improve readiness and adaptiveness to the effects of climate change, to minimise the risks caused by and to reduce the damage from the effects of climate change, for the economy and nature.

As part of the “Greener Estonia” policy objective, it plans, with the support of the CF, to improve the circular economy and to increase the resource efficiency of companies to reduce waste generation, boost the waste recycling capacity and implement patterns of manufacturing and consumption based on the principals of a circular economy. In the infrastructure sector, it is planned to invest CF resources for the electrification of railways to reduce travel time and carbon emissions, through prioritising the development of sustainable modes of transport. Additionally, the infrastructure sector has plans to direct CF resources for the development of road networks essential for their obligations to complete the construction of the Trans-European Transport Network (TEN-T) core structure by the year 2030. Investment is mainly focused on increasing road safety, decreasing driving time and transport costs for commuters, as well as finding alleviating measures from the effects of transport on the environment. With the aid of resources from the European Social Fund Plus (ESF+), it proposes to address the main Estonian development needs in social, health, lifelong learning and labour market sectors. Among other things, input will be focused on supporting an education pathway for children and young people (including youth who are at risk of exclusion), to advance ways to enter the labour market, to support integration, to organise long-term care, increase citizens’ lifespans that are lived in good health, to decreasing health inequality, foreseeing the loss of ability to work and promoting occupational health, supporting lifelong learning driven by the needs of the labour market, and assisting people who suffer from shortcomings. As a result of these interventions, there will be an increase in social cohesion, social involvement, youth participation in education, a rise in employment as well as an upsurge in the number of people in the labour market who have care needs and people most deprived. The expected result is a healthier working-age population, less damage to people’s health and increased participation in employment by people with a partial loss of health. New immigrants from other countries who speak a foreign language, as well as Estonian permanent residents who do not speak Estonian, are integrated and play an active part in the employment sector and Estonian society at large. Working-age residents’ qualifications and skillsets are in accordance with the requirements of the labour market and support their continued employment or entry into the employment market, and lead to an increase in the level of income. As a result of these interventions, the levels of coping of people who are experiencing hardship will improve and their quality of life upgraded.

European Maritime and Fisheries Fund (EMFF 2021-2027) resources would be used to contribute, in compliance with Europe’s Common Fisheries Policy’s (CFP) environmental, economic and socio-economic goals. Interventions are directed at reaching a healthy state in fish stocks, increasing the sustainability of fishing and the aquaculture sector, and development that allows competitiveness, quality of produce, higher value-add, a boost in exports and a rise in environmentally aware recreational fishing. As a result of these interventions, it has been found that the percentage of healthy fish stock has increased as well as the impact on the economy from recreational fishing. Expected results are a reduction in the average age for people hired in the fishing and aquaculture sector and an increase in the workers’ average earnings. Businesses will see an increase in their profits, a rise in the value-add and growth in the aggregated value of exportable goods. The intervention will enable the development of the maritime environment without damaging the sustainable fishing and aquaculture sector, adapting to the effects of climate change, the economically viable manufacturing industry and increase employment and opportunities in coastal communities.

Through the Just Transition Fund, Estonia will address the economic, social and environmental impacts of transition to climate neutrality in the Ida-Viru region of Estonia, where highly CO<sub>2</sub>-intensive oil shale sector is highly

concentrated. According to the results of public outreach and dedicated studies, impacts of the transition range from a cascading economic effect on the entire economy of the region (influencing e.g. employment, entrepreneurship, career and training opportunities) to the ability of local governments in the region to provide public services. From these, three major development needs were mapped: 1) restructuring the economy of the Ida-Viru region with the view of diversifying it and creating new high value-added jobs, 2) supporting the people and communities impacted by the transition process, and 3) alleviating environmental impacts related to the mining and oil-shale processing activities. In order to address these development needs, the JTF in Estonia will be split into two main programmatic strands: "Economy and labour" and "Environment and social inclusion" – with the proportional split between the strands being apx. 80% / 20%. As a result, an estimated >400 SME's will be supported, >2000 new jobs will be created and apx. 60 ha of land will be rehabilitated for use as green areas, brownfield developments etc.

## **2.2. Coordination, demarcation and complementarities between the Funds and, where appropriate, coordination between national and regional programmes**

*[tekst 21.06.2021 seisuga]*

The preparation of the partnership agreement for the period 2021-2027 and implementation planning took place together with preparing a strategy for "Estonia 2035" based on the national principle to connect the goals of structural funds with nationwide and regional strategic initiatives. The Ministry of Finance and the Government Office have jointly been leading the creation of the strategy for "Estonia 2035" as an overall umbrella strategy that maps out the development needs that face Estonia, gives Estonia longterm development tracks and objectives and defines the changes needed to accomplish these goals. The resulting strategy is an overall guide for regional development plans and provides a basis to conform to different national processes involving planning and budgeting, planning for EU resources and operational schemes, including the cohesion policy operational scheme. As part of preparations for strategy "Estonia 2035", compiling regional development plans as well as a partnership agreement and operational scheme, there have been contributions made from interest groups, the wider public as well as all ministries that have a connection with the funds. That includes the Ministry of the Interior, that is responsible for internal security and all EU structural funds relating to migration in Estonia: the Asylum, Migration and Integration Fund (AMIF), Border Management and visa funds and the Internal Security Fund and developing support measures as well as implementing them. The Ministry of Rural Affairs, who coordinate and plan the European Maritime, Fisheries and Aquaculture Fund (EMFAF) and the European Agricultural Fund for Rural Development (EAFRD) and their implementation in Estonia, have also been involved alongside. In addition, representatives from the Ministry of Finance, together with the Ida-Virumaa Municipal Union and various interest groups, have been involved in the process and are responsible for putting together the Just Transition Plan and its implementation throughout Estonia. Within this widespread cooperation, in addition to the strategic level, there has been a discussion in great depth on the subject of which funds can be used and how to best address the challenges and development needs facing Estonia from 2021 through 2027 in different sectors. The resulting agreements and distribution of activities from these discussions have been formulated in operational programme. Cooperation during 2021-2027 will continue during the process of the development of measures as well as during implementation and monitoring, between authorities that administrate structural funding: all institutions and key partners will be part of the process of drawing up the conditions for the necessary measures.

In addition to everyday involvement, with information exchange and cooperation, there will be support for the combined effort by electronic information systems when administering funding. These systems are interfaced, and the shared information will be accessible to all parties.

## **2.3. Complementarities and synergies between the funds covered by the Partnership Agreement, the AMIF, the ISF, the BMVI, and other Union instruments** *[tekst 21.06.2021 seisuga]*

Coordination, mutual supplementation and synergy between different instruments and implementation plans are guaranteed with planning and the synchronisation of various processes in relation to budgeting. Common bases and a strategic network is given to this by the long-term umbrella strategy for "Estonia 2035" and the new national development plans that define the direction of development and priority activities in different sectors. With the framework of drafting a one-year state budget and a four-yearly state budget, it will guarantee the ability to supplement various means and synergy, regardless of the source. Apart from other source documents, there is

consideration during planning as well as the implementation of the stages of the EU Baltic Sea Strategy and Action Plan to create amplification and synergy by implementing cross-border activities. During the implementation of the "Estonia 2035" strategy and the decision-making for budget consideration to reach the goals in the regional development plans, all options are looked at together (including different EU funding) and their administration is unified. Recovery and Resilience Plan is an annex to national reform programme "Estonia 2035", covering the reforms and investments funded from Recovery and Resilience Facility and complementing the measures financed by Cohesion Policy and under Union funds. Demarcation of funding will be guaranteed in the programming process of different funds lead by Ministry of Finance and coordinated with line ministries as well as in the designing process of measures.

For the compilation of the 2021-2027 budget period partnership agreement and operational programme, other EU funding instruments (among them European Territorial Cooperation programs, Connecting Europe Facility, Horizon, LIFE, home affairs and justice programs, funding from European Economic Area and Norway, Estonian-Swiss cooperation program support scheme) and active institutions (among them EU Baltic Sea Strategy National Contact Point and Working Group) have been involved. This was set up to avoid an overlap in funded activities as well as to increase synergy in areas where funding is combined from different sources. The planned resources from Estonia and the EU central funds (eg Connecting Europe Facility, different activities by Horizon, LIFE etc) to achieve coordinated usage, there is cooperation and an exchange of information between the institutions dealing with these funds to implement the operations that are important to Estonia and to promote taking part in international cooperation networks (eg. universities cooperating with Erasmus +, businesses as well as research and development institutions in consortia to implement Horizon programs, environmental NGO-s to fulfil the goals of LIFE program). As part of the planning of activities directed at fulfilling the goals of climate policy, and in conjunction with funding bodies, it is also considered to use the revenues from the allowed intra-EU greenhouse gas emission units' trading system. When programming the use of the JTF, activities funded through other structural funds and national programmes for the period 2021-2027, including REACT-EU, the Restructuring Facility (RRF) and the ETS trading revenue were taken into account. Estonia's territorial just transition plan proposes to only finance such measures that have no nationally planned analogues or do have analogues, but their volume is insufficient to support a truly just transition for Ida-Virumaa.

Topical coordination, including combining different sources of funding for financing an area of interest, takes place through budget strategy and the management committee of the area's development plans. These are made up of involved ministries, the Government Office, representatives from interest groups and experts. Their task is to give suggestions in conjunction with the results of an area's development plans, report on what programs to initiate that help the area's goals, what to change and which ones to finish and make suggestions for valuations as well as creating efficiency plans, while including coordinating and monitoring activities that are in connection with programs implemented by the cohesion policy, to fulfil the aims of the development plans.

From the funding bodies, the EU's other funding instruments as well as the complementarity of measures financed by the state budget revenues and different instruments is monitored and directed in the monitoring framework of state budget strategy and yearly working out of laws of the state budget and their implementation.

For example, planning for the funding of transport will be addressed in that way, considering joint revenue from fuel excise duty as well as funds from EU resources (including funds and the Connecting Europe Facility); with an environmental policy implementing funds receivable from environmental charges, funds directed at improving renewable energy-based laws for the electricity market, funds as well as other recourses from the central government and local municipalities; labour market policy implementing funds and resources directed through the unemployment fund; to improve the quality of research and development and higher education, funds are used from the state budget performance contracts, participation in the Horizon program and taking part in activities, as well as funds from the European Research Area. To reach the goals in the country's budget strategy, the contribution of funds is especially important for a competitive economic environment, education, a healthy labour market, social security and good public health, energy, the transport and information society, integration, environmental protection, and regional development. The Government of the Republic has reports from regular budget implementation reviews on how the EU funds are being used. This ensures that the Government of the Republic of Estonia is part of the joint debate about the structural funds, AMIF, ISF, BMVI rural life, maritime affairs and fishing industry sectors and the support that they get as well as the handling of other EU instruments along with the results, problems and the solutions to them. The described mechanism allows, when necessary, the coordination of the change of implementation plans, working through the suggestions for amendments and formulating these decisions.

**3. CONTRIBUTION TO THE BUDGETARY GUARANTEE UNDER INVESTEU WITH JUSTIFICATION**

N/A: Estonia will not transfer funds to InvestEU.

**4. TRANSFERS**

MS requests a	<input type="checkbox"/> transfer between categories of region
	<input type="checkbox"/> transfer to instruments under direct or indirect management
	<input checked="" type="checkbox"/> transfer between ERDF, ESF+, Cohesion Fund or to another Fund or Funds
	<input type="checkbox"/> transfer of ERDF and ESF+ resources as complementary support to the JTF
	<input type="checkbox"/> transfers from European territorial cooperation to Investment for jobs and growth

**4.1. Transfer between categories of region**

N/A: Estonia is one NUTS2 region.

**4.2. Transfers to instruments under direct or indirect management**

N/A: Estonia will not transfer funds to instruments under direct or indirect management.

**4.3. Transfers between ERDF, ESF+ and Cohesion Fund or to another Fund or Funds**

Table 5A: Transfers between ERDF, ESF+ and Cohesion Fund and to other Fund or Funds (breakdown by year)

Transfers from		Transfers to		Breakdown by year							
Fund	Category of region	Fund	Category of region (where relevant)	2021	2022	2023	2024	2025	2026	2027	Total
Cohesion Fund	N/A	ESF+	Transition	0	629 278	1 078 763	1 618 144	1 887 835	1 887 835	1 887 835	8 989 691
Cohesion Fund	N/A	ERDF	Transition	0	2 207 473	3 468 887	5 045 653	6 937 774	6 937 774	6 937 774	31 535 334

Justification [text field 3500] – lisatakse avaliku konsultatsiooni ajaks.

**4.4. Transfer of ERDF and ESF+ resources as complementary support to the JTF, with justification**

N/A: Estonia will not transfer complementary ESF+ or ERDF resources to JTF.

#### 4.5. Transfers from European territorial cooperation goal (Interreg) to Investment for jobs and growth goal

N/A: Estonia will not transfer resources from European territorial cooperation goal to Investment for jobs and growth goal.

### 5. THE FORM OF UNION CONTRIBUTION FOR TECHNICAL ASSISTANCE

The choice of the form of the Union contribution to technical assistance	<input type="checkbox"/> Technical assistance pursuant to Article 36(4)*
	<input checked="" type="checkbox"/> Technical assistance pursuant to Article 36(5)**

Technical assistance reimbursed based on a flat rate for the implementation of the funds in the period 2021-2027 is chosen, as this solution will lead to significant simplifications in the system of implementation of the funds and will allow to reduce significantly administrative burden. The use flat rate allows to focus on the most important thing, i.e. the achievement of agreed results, rather than the costs incurred. This focus is more in line with the logic of the funds and creates clarity and simplicity for all relevant stakeholders. *[justification 3500 characters; täiendatakse avaliku konsultatsiooni ajaks]*

### 6. THEMATIC CONCENTRATION

#### 6.1. Compliency with thematic concentration rules

Member State decides to	<input checked="" type="checkbox"/> comply with thematic concentration at national level
	<input checked="" type="checkbox"/> comply with thematic concentration at category of region level
	<input type="checkbox"/> take into account Cohesion Fund resources for the purpose of thematic concentration

#### 6.2. Thematic concentration of ESF

Member State complies with thematic concentration requirements	25% social inclusion Programmed under specific objectives (h) – (l) of Article 4 ESF+ Regulation	Planned ESF+ programmes: 1. Operational Programme for Cohesion Policy Funds, period 2021-2027
	3 % support to the most deprived Programmed under specific objectives (m), and in duly justified cases (l) of Article 4 ESF+ Regulation	Planned ESF+ programmes: 1. Operational Programme for Cohesion Policy Funds, period 2021-2027
	... % support to youth employment Programmed under specific objectives (a), (f) and (l) of Article 4 ESF+ Regulation	N/A
	... % support to tackling child poverty Programmed under specific objectives (f), (h) – (l) of Article 4 ESF+ Regulation	N/A

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	...% capacity building social partners and NGOs Programmed under all specific objectives except (m) of Article 4 ESF+ Regulation	N/A
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## 7. PRELIMINARY FINANCIAL ALLOCATION FROM EACH OF THE FUNDS COVERED BY THE PARTNERSHIP AGREEMENT BY POLICY OBJECTIVE, JTF SPECIFIC OBJECTIVE AND TECHNICAL ASSISTANCE

Table 8: Preliminary financial allocation from ERDF, Cohesion Fund, JTF, ESF+, EMFAF by policy objective, JTF specific objective and technical assistance

Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
Policy objective 1	767 140 192	More developed							More developed			767 140 192
		Transition	767 140 192						Transition			
		Less developed							Less developed			
		Outermost and northern sparsely populated							Outermost and northern sparsely populated			
Policy objective 2	560 839 616	More developed		245 157 911					More developed		tbc	805 997 526
		Transition	560 839 616						Transition			
		Less developed							Less developed			



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Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
		Outermost and northern sparsely populated								Outermost and northern sparsely populated		

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Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
Policy objective 3	0	More developed		534 564 103					More developed			534 564 103
		Transition							Transition			
		Less developed							Less developed			
		Outermost and northern sparsely populated							Outermost and northern sparsely populated			
Policy objective 4	173 678 756	More developed						534 157 336	More developed			707 836 093
		Transition	173 678 756						Transition	534 157 336		
		Less developed							Less developed			
		Outermost and northern sparsely populated							Outermost and northern sparsely populated			

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Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
Policy objective 5	199 902 591	More developed							More developed		tbc	199 902 591
		Transition	199 902 591						Transition			
		Less developed							Less developed			
		Outermost and northern sparsely populated							Outermost and northern sparsely populated			
JTF specific objective					353 896 282	154 961 870	198 934 412					353 896 282

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Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
Total	1 701 561 154	More developed		779 722 013	0	0	0	534 157 336	More developed		97 391 060	3 466 727 846
		Transition	1 701 561 154		353 896 282	154 961 870	198 934 412		Transition	534 157 336		
		Less developed			0	0	0		Less developed			
		Outermost and northern sparsely populated			0	0	0		Outermost and northern sparsely populated			
Article 7 JTF Regulation resources related to Article 3 JTF Regulation resources					0	0						

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Policy objectives, JTF specific objective or technical assistance	ERDF			Cohesion Fund allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF Regulation resources	Article 4 JTF Regulation resources	Allocation at national level	Category of region	Allocation by category of region		
Article 7 JTF Regulation resources related to Article 4 JTF Regulation resources					0		0					
Total	1 701 561 154		1 701 561 154	779 722 013	353 896 282	154 961 870	198 934 412	534 157 336		534 157 336	97 391 060	3 466 727 846

Current investments address the development needs and the goals that are set in our long-term strategy “Estonia 2035”. Also objectives described in relevant sectoral policy and development documents (f.e. in the national RTD and entrepreneurship strategy), which aims to create competitive conditions for knowledge-based productivity and well-being growth. One of the goals of the “Estonia 2035” strategy focuses on living environment – “Estonia has a high-quality living environment that accepts everyone's needs and is safe”. It means that our goal by 2035 is to increase our living environment satisfaction of people and to improve the environmental performance indicators of the sustainable development. What comes to living environment, then Estonia is a sparsely populated peripheral country in the EU and many policy areas depend on a well-functioning transport system. It means that rural areas need more connectivity investments to ensure good living and work opportunities as an alternative to urban environment. Therefore investments are done in TEN-T compliance and we also will contribute to completion of TEN-T core network and access to them by constructing 2+1 or 2+2 road sections to meet road safety and environmental requirements. The other obstacles are the incompatibility between different transportations and time-consuming travel time. Railroad can decrease the share of road transportation between larger centres, but it needs more investments to improve travel time and increase efficiency (by increasing the maximum allowed speeds). A rail measure has been designed that focuses only on the development of sustainable transport: the electrification of the railways, the straightening of curves, which should increase train speeds and increase the number of train passengers in the future.

By 2035, we want to raise healthy life expectancy and the rate for lifelong learning. To increase life expectancy and average healthy life years it is important to support measures that help increase the health education of the population, reduce health inequalities and improve equal access to health services. There are large regional differences in income, that also causes health inequalities. The regional difference between Harju County and other regions is due to the faster decrease and aging of the population in other regions and, above all, the outflow of young people. So, the development of urban areas plays an important role in the economic development.

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of the country. Larger urban areas face a number of problems associated with uneven growth, such as the undesirable environmental effects of suburbanisation, environmental and climate issues are becoming more and more important as a common challenge for urban areas. In Ida-Viru urban areas the challenges are connected to the low attractiveness of the living environment, the large share of underused urban areas and the housing stock's non-compliance with needs. What comes to Ida-Viru region, then the oil shale sector is highly concentrated in that part of Estonia, resulting in the fact that oil shale related companies located there account for over 50% of Estonia's total GHG emissions. Some, the core companies of the oil shale sector are the cornerstone of Ida-Viru region's economy, both in terms of their turnover and high impact on companies dependent on them.

In order to phase out electricity production from oil shale in a fair way, targeted support for the mitigation of the socio-economic and environmental impacts of reduced electricity production from oil shale is needed during the transition period. *[tekst 21.06 seisuga]*

#### 8. LIST OF PLANNED PROGRAMMES UNDER THE FUNDS COVERED BY THE PARTNERSHIP AGREEMENT WITH THE RESPECTIVE PRELIMINARY FINANCIAL ALLOCATIONS BY FUND AND THE CORRESPONDING NATIONAL CONTRIBUTION

Title [255]	Fund	Category of region	Union contribution		National contribution	Total
			Union contribution without technical assistance pursuant to Article 36(5) CPR	Union contribution for technical assistance pursuant to Article 36(5) CPR		
Operational Programme for Cohesion Policy Funds, 2021-2027; Estonia	ERDF	Transition	1 642 006 514	59 554 640	Tbc	1 701 561 154
	Cohesion Fund	N/A	760 228 963	19 493 050	Tbc	779 722 013
	ESF+	Transition	512 011 685	22 145 652	Tbc	534 157 336
	JTF allocation (Article 3 JTF Regulation)	N/A	148 763 395	6 198 475	98 847 406	253 809 276
	JTF allocation (Article 4 JTF Regulation)	N/A	190 977 036	7 957 376	126 896 704	325 831 116
Total	ERDF, Cohesion Fund, ESF+, JTF		2 914 247 162	101 193 343	Tbc	3 015 440 504

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Operational Programme for European Maritime, Fisheries and Aquaculture Fund, 2021-2027; Estonia	EMFAF	N/A	91 547 596,5	5 843 463,50	41 739 026	139 130 086
Total	All funds		3 345 535 189	121 192 657	Tbc	Tbc

**Table 10 List of Interreg programmes**

Programme 1	Estonia- Russia programme
Programme 2	Estonia- Latvia programme
Programme 3	Central Baltic programme
Programme 4	Interreg Baltic Sea Region
Programme 5	Interreg Europe programme
Programme 6	Interact programme
Programme 7	Espon programme
Programme 8	Urbact programme

## **9. A SUMMARY OF ACTIONS PLANNED TO REINFORCE ADMINISTRATIVE CAPACITY OF THE IMPLEMENTATION OF THE FUNDS COVERED BY THE PARTNERSHIP AGREEMENT**

The success of implementing the Partnership Agreement and the successful use of its resources depends on the capacity of the applicants, the beneficiaries and the administration that manages the funds, therefore, it's important to continue working on the efficiency on all levels during the programming period 2021-2027. The implementation and administration of Structural funds must happen fluently and for that to take place, managing authority needs to support the entire administration and the whole administration, in turn, must support the applicants and beneficiaries by providing ongoing counselling, guidelines and training. More precisely, to help with the successful implementation of the funding, the focus will be on delivering timely relevant information to the target group, training the staff working with structural funds, to ensure necessary level of competence and functional and reliable system, customer friendly service as well as increase the informativeness and involvement of beneficiaries and their social partners and increase administrative capacity. The above-mentioned activities are the tools that keep the funding management and control system institutions with a uniform and comprehensive level of knowledge; by informing and including social partners, NGOs and potential beneficiaries, ensuring consistency by the administration's internal competence centre, through different evaluations, research, task forces and expert groups and capacity building development activities. The goal of the activities, aimed to increase the administrative capacity, is to improve the effectiveness of the administration and implementation systems and through this, create the capacity of absorption and an optimal use of administrative resources.

*Text field [4 500, täiendatakse avaliku konsultatsiooni ajaks]*

## **10. AN INTEGRATED APPROACH TO ADDRESS THE DEMOGRAPHIC CHALLENGES AND/OR SPECIFIC NEEDS OF REGIONS AND AREAS**

The Ministry of Finance is responsible for implementing Estonian regional policy. Their responsibilities include coordinating and directing regional policies in accordance with the challenges and needs of the region. The Ministry of Finance coordinates regional administration and developing the policy design connected to local governments, spatial planning and supports regional development through designing regional policies. By implementing coordination between other policy objectives and keeping in mind regional challenges and designing regional policies, it's ensured that there is a balanced overall regional development for different areas of Estonia, resulting in a reduced difference between regions and lower levels of falling behind. The Ministry of Finance's main cooperation partners, who take part in the implementation of regional policies, are ministries, universities,



research centres, local governments and their unions, county-level development organisations, constitutional institutions and foreign partners. To have closely-knit national and regional development priorities, it's important for all ministries that belong to the administration system to have regional knowledge for all the local development needs and preconditions and consider them when designing support measures. Significant input is given here by regional development strategies and cooperation with regional partners.

In addition to the coordinated implementation of other policy objectives, it has been devised to have, as part of PO5, additional integrated regional development support measures. The integrated approach is used to solve regional developmental challenges on the county and urban area level. The basis of the integrated territorial approach is a regional development strategy that determines regional priorities in the different development areas. Relying on the regional development strategy means that the approach to the different areas is not uniform, but the planning of interventions takes into consideration the specifics of the region's challenges and developmental preconditions. For most of the Estonian regions, one of the biggest challenges is the decline and the ageing of the population. That brings along challenges for the quality and accessibility of public services as well as sustaining regional employment that ensures the populations' income and employment. Due to the declining population and labour market, there is a decline in the revenue bases of municipal governments. Small revenue base restricts development activities that are improving the business environment as well as the quality and accessibility of public services. Based on "Estonia 2035" strategy's development needs, out of all the regions in Estonia, the regions of south-eastern Estonia and Ida-Viru county have the highest unemployment rates, the highest relative poverty rates and poor health indicators. Both regions are also characterised by sparsely populated outskirts, far from the regions' centres, that also amplify the above-mentioned differences with other Estonian regions.

South-eastern Estonia is characterised by a faster-than-average decline in population, and according to Statistics Estonia's population projections, there will be 30% fewer people living in the area by 2040. The population share of pensioners will increase and the working-age population decrease. The average life expectancy and healthy life expectancy are lower than Estonia's average. The population is defined by a high rate of people working outside of their home counties. Educational levels of the workforce in South-eastern Estonia are lower than Estonia's average: there are fewer employees with a higher level of education and more workers with a basic education. A shrinking labour market and the reduced choices that it brings promotes emigration or the commuting of the educated workforce. South-eastern Estonia is also characterised by a sparsely populated and embossed landscape, and untouched nature that promote tourism and recreational economy. It has the potential to become attractive to people working digitally as well as for people working remotely. However, sparsely populated areas have limited access to fast internet connections and therefore the local government and businesses are struggling to develop opportunities in these areas. The South-eastern Estonian infrastructure is known for a high share of gravel roads. A sparse population along with the scarcity of paved roads increases the time spent on travel in this region, including a longer time travelling by bus, the main public transport option in the area. Due to this, the preferred transport option is a personal car, which in turn creates mobility poverty - if employees can only access their workplaces by car, a lot more significant proportion of their salary is spent on transport costs.

Ida-Virumaa is characterised by a persistently high unemployment rate, low levels of entrepreneurial activity and the industry sector's (oil shale industry) dependence on world market oil prices. The area is also known for the small percentage of residents who identify themselves as Estonians, that reflects in the population as well as cultural differences - 17,5% of the population in the county are Estonians (year 2019). Relatively low numbers of Estonian speakers and the cultural differences affect the districts' labour market indicators - a smaller number of women active in the workforce and a limited choice of jobs due to the lack of Estonian language skills. Conjointly, Ida-Virumaa is a county with one of the fastest declining and ageing populations in Estonia. By the year 2040, the decline in population will be 27%, according to Statistics Estonia. The percentage of the population of children and young people under the age of 14 in Ida-Virumaa, is the lowest in all Estonia with only 14% and according to Statistics Estonia's prognosis, by the year 2040, may drop down to 10%. Therefore, more people will leave the labour market than enter it - 6 new working-age people for every 10 that retire. The decline in the number of people in working age means a rise in the dependency ratio and complications for businesses accessing the workforce.

Ida-Viru county's workforce is relatively local and the unemployment rate was 8.7% in 2019. However, the region suffers from a labour shortage. 25% of employers in the industrial sector (dominating sector in Ida-Virumaa) and 28% in the service sector noted in the first quarter of 2019 that their business activity is inhibited by the lack of suitable labour. Educational prospects in Ida-Virumaa are influenced mainly by insufficient Estonian language skills, which is why a large percentage of students who do not feel competent in the Estonian language end up choosing a path in vocational schools where their language skills do not significantly improve.

Taking into consideration the regional differences, Estonia needs a centralised coordinating of funds, including PO5 support measures, to ensure even regional development and an increase in competitiveness. [tekst 21.06 seisuga]

Tööversioon, 6.07.2021

## 11. PRELIMINARY CLIMATE CONTRIBUTION TARGET

Fund	Preliminary climate contribution
ERDF	30%, <i>TBC</i>
Cohesion Fund	37%, <i>TBC</i>