



## EUROPEAN COMMISSION

### Observations on the Partnership Agreement with Estonia

#### PART I

##### Introduction

The observations set out below have been made within the framework of the Common Provisions Regulation (CPR) and the fund-specific regulations.

The observations take into account the 2013 country-specific recommendations (CSRs) adopted by the Council on 9 July 2013 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:217:FULL:EN:PDF>) and its supporting analysis (SWD) ([http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)), and are based on the Commission Services' Position Paper (CPP) for the use of the European Structural and Investment (ESI) Funds in 2014-2020.

The observations refer to the Partnership Agreement (PA) submitted by Estonia on 28 February 2014.

The observations are presented following the structure of the PA as set out in the template. The most critical issues for the Commission are noted in Part I.

#### 1. Assessment of Member State policy objectives

- (1) The PA is a framework document that should set out clear political commitments to the strategic goals to address the key challenges identified by the Europe 2020 strategy, the country-specific recommendations (CSRs) and the National Reform Programme (NRP). It should define a framework for achieving the maximum European value added of the European Structural and Investment Funds (ESIF) investments in Estonia for 2014-2020 by addressing the bottlenecks hampering growth and by pursuing an ambitious development strategy to enable an enhanced long-term competitiveness of the Estonian economy and reducing regional disparities. By establishing strong links between ESIF interventions, the NRP and the strategic development vision of Estonia, cohesion policy can deliver a positive impact on reaching the Europe 2020 targets set for Estonia.
- (2) The Commission appreciates the Estonian authorities' commitment to the renewed cohesion policy with its alignment to the Europe 2020 objectives of smart, sustainable and inclusive growth and its orientation to the achievement of higher impact and results through a clear focus on investments.

- (3) The Commission invites the Estonian authorities to outline in the PA how the national means and instruments will be used to reach the Europe 2020 targets for the recycling and the recovery of household and construction waste.
- (4) Overall the quality of the PA has improved compared to the previous version. However, the country-specific recommendation (CSR) 5 is only partially addressed by the PA. It should demonstrate Estonia's commitment to develop and implement quality standards and to determine appropriate service areas, notably to contribute towards improved provision of public services at local level.
- (5) Considering Estonia's overall approach of concentrating ESI Funds in fewer funding areas than proposed in the CPP and linking them closely with the Europe 2020 strategy, the Commission regards that the following funding areas, which were either not covered by the CPP or regarded by the Estonian proposal as wider than that of the CPP, are acceptable to be funded from the ESI Funds in Estonia:
  - Thematic objective (TO)2: Article 5(2)(a) of Regulation (EU) 1301/2013: Extending broadband deployment and the roll-out of high-speed networks;
  - TO3: Article 5(3)(d) of Regulation (EU) 1301/2013: Supporting the capacity of SMEs to grow and to engage in innovation processes;
  - TO6: Article 4(c)(iii) of Regulation (EU) 1300/2013: Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure;
  - TO8: Article 5(8)(b) of Regulation (EU) 1301/2013: Supporting employment-friendly growth through development of endogenous potential;
  - TO9: Article 5(9)(a) of Regulation (EU) 1301/2013: Investing in health and social infrastructure;
  - TO9: Article 5(9)(b) of Regulation (EU) 1301/2013: Providing support for physical, economic and social regeneration of deprived communities;
  - TO9: Article 3(b)(i) of Regulation (EU) 1304/2013: Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability;
  - TO10: Article 5(10) of Regulation (EU) 1301/2013: Investing in educational and training infrastructure;
  - TO11: Article 5(11) of Regulation (EU) 1301/2013: Enhancing the efficiency of public services related to the implementation of the European Regional Development Fund (ERDF), and in support of actions under the European Social Fund (ESF).

## **2. Financial allocation proposed by the Member State**

- (6) The Commission welcomes Estonia's efforts in increasing the ESF share in order to sustain long-term economic growth.

## **3. Cross-cutting policy issues and effective implementation**

- (7) Please list the main results of the Rural Development Programme (RDP) consultations with partners, including also a list of significant concerns and recommendations made by the partners that were taken into account. For those significant concerns and

recommendations which were not taken into account, the main reason(s) should be provided.

(8) The Commission disagrees with Estonia's self-assessment with regard to the following *ex-ante* conditionalities (EACs):

- Regarding 4-1 (Energy efficiency): the first two criteria are not met (for details, please see section 2.3);
- Regarding 6-1 (Water): the first two criteria are only partially met (see section 2.3);
- Regarding 7-1 (Transport), 7-2 (Railway), 7-3 (Other modes of transport): neither the criteria on realistic and mature project pipelines nor the criteria on measures to ensure capacity to deliver the project pipeline are met.

(9) Action plans are required for the above EACs.

(10) All action plans should contain well-defined specific actions and dates. The implementation of action plans should be easy to monitor and assess. The deadlines for the strategic documents should correspond with their date of adoption. The action plans concerning EACs 9-1 (Active inclusion), 9-3 (Health), 10-1 (Early school leaving), 10-3 (Lifelong learning), 11 (Institutional capacity), B.1 (Anti-discrimination), B.2 (Gender equality) and B.3 (Disability) do not completely meet these requirements (for details, see section 2.3). Examples of action plans can be made available to enhance their upgrading.

(11) There should be full consistency between the summary information in the PA and the detailed self-assessments. The detailed self-assessments for EACs 9-1, 9-3, 10-1, 10-3 and 11 should be improved by specifying the non-fulfilled elements – instead of the type of answers that the criterion will be addressed in a development plan or strategy.

(12) A number of EACs are to be fulfilled by the end of 2016. Estonia is invited to speed up their fulfilment where possible.

(13) Concerning the EACs requiring an action plan to fulfill them, the Commission reserves its final assessment on the possible significant prejudice to the effectiveness and efficiency of the achievements of the specific objectives until the time when the programmes have been submitted and all necessary information is available.

(14) Taking into account the need to optimise the leverage effect of funding, the Commission asks Estonia to identify in which priority axes in the Operational Programmes (OP) it intends to modulate the co-financing rates in accordance with Article 121 of the Regulation (EU) 1303/2013, and recalls that, as set by Article 120 of the same regulation, the co-financing rate is to be determined on a case-by-case basis and the maximum co-financing rates should not always be applied to their full extent.

## **PART II – FURTHER OBSERVATIONS**

### **1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH**

#### **1.1 Analysis of disparities, development needs and growth potentials with reference to the thematic objectives and the territorial challenges**

- (15) For reasons of comparability, the assessments in the PA shall make use of available European Statistical System (ESS) statistics. In case the necessary data is not available for the EU level, it is recommended to also provide links to similar datasets in the ESS statistics next to the national data source. In addition, it is crucial that any territorial analysis at sub-national level makes use of harmonised spatial definitions (e.g. Nomenclature of Territorial Units for Statistics or NUTS); urban, rural, coastal and metropolitan regions referred to in the analysis shall be delineated according to the harmonised definitions published by the European Commission.
- (16) Estonia is requested to significantly improve the chapter on what concerns the European Agricultural Fund for Rural Development (EAFRD)-related experiences and lessons learnt from 2007-2013, along the following lines:
- Explain the main achievements of the investment and knowledge-related measures of the RDP 2007-2013 that contributed to increased productivity (e.g. training, advisory services, modernisation of agricultural holdings, development of new products) and the lessons learnt;
  - Explain the main achievements of the various measures under Axis 2 of the RDP 2007-2013 and the lessons learnt;
  - Explain the main achievements of the measures of the RDP 2007-2013 that contributed to employment (e.g. diversification, business creation), as well as the lessons learnt;
  - Explain the main achievements of the European Union initiative for rural development (LEADER) approach in 2007-2013 and the lessons learnt.
- (17) 1.1.2.1: In the first paragraph of point 5 on broadband, the sentence about ‘availability of broadband’ should be rephrased: It is recommended to focus the statement on the indicator ‘Total NGA broadband coverage’ from the Digital Agenda Scoreboard (61% in 2012) instead of referring to ‘fixed broadband’ coverage (with basic broadband). The gap in the next generation access (NGA) coverage target defined in the Digital Agenda (100% with 30 Mbps by 2020) can then be used to justify the continuation of broadband investments. In the second paragraph on the service space, the sentence concerning the inaccessibility of modern broadband in certain areas should be moved up to the first paragraph. The references to the Digital Agenda for Europe (DAE), the Digital Agenda Scoreboard and the European eGovernment Action Plan should be complemented by footnotes with links to the relevant sources. Finally, point 5 would benefit from a sentence which recognises that investments in cross-border e-services

should be compatible and synergetic with the cross-border eGovernment services that are piloted by the EU and Member States and notably by the European Digital Service Infrastructures to be developed under the Connecting Europe Facility (CEF).

- (18) 1.1.2.1: In line with CSR5, the importance of e-services in reducing administrative burden and improving the availability of services is addressed in the PA. However, with respect to information and communication technology (ICT), which is considered as constituting a major growth opportunity as per chapter 1.1.2.1 in creating new products and services and upgrading business models, the PA should demonstrate how these technologies, applications and e-services would also be deployed in pursuing the objectives of CSR5. A link should therefore be established at least between section 1.1.2.1 and section 1.1.2.7 on the coordination of the provision of public services and the development of e-services, with a view to presenting a more coherent narrative and envisaging possible complementary measures.
- (19) 1.1.2.3: Point 2 on the reduction of nutrient load to the Baltic Sea should include a reference to the reduction of nutrient and pesticide load from agriculture and the respective EU and national legislation (the issue should be covered by a full paragraph considering the importance of the issue).
- (20) 1.1.2.3: Point 7 mentions the reconstruction of oil shale power plants, which is not eligible under the ESI Funds. This reference should be removed from the PA.
- (21) 1.1.2.4: There is still room for improvement in the drafting of the policy objectives in this section and the corresponding thematic objective section 1.3.7:
- it is suggested to replace the generic reference to 'the so-called integrated and smart solutions' (e.g. p. 19) by an explicit mention of Intelligent Transport Systems (ITS);
  - also, a more robust reasoning would be welcome to match objectives and planned projects/developments, (e.g. what smart solutions would help integrating modes, thus countering the decline in use of public transport?);
  - 'smart solutions' were only mentioned in relation to integrating different transport modes, but ITS are also instrumental in increasing road safety, a transport system's efficiency and to reducing the environmental impacts of transport; hence ITS should also be taken into account and integrated in the reasoning with respect to these goals.
- (22) 1.1.2.5: For reasons of clarity, please include, for example in a footnote, exactly what is meant by 'non-Estonians'.
- (23) 1.1.2.5-1.1.2.6: The experiences from the period 2007-2013, in particular the link between the lessons learnt and the new priorities of social, health and education infrastructure could be made more explicit in the text.
- (24) 1.1.2.5: It is noted under point 12 that the number of children waiting for nursery school is almost two times higher in rural than urban municipalities, whereas section 1.1.3 holds that a great majority of the children on the waiting list come from the

urban areas of Tallinn, Tartu and Pärnu. Reinforced focus is given to the urban context under section 3.3, but the possible need in the rural context is not reflected. The issue should be better explained.

- (25)1.1.2.5: This section would benefit from a reference (e.g. in points 17 or 20) to the need to ensure adequate ICT training of teachers and to harness the potential of digital technologies/ICT in teaching as a means to modernise the Estonian education system, given these themes are subsequently taken up by the text on TO10 in section 1.3.

## **1.2 Summary of the *ex-ante* evaluations**

- (26) While detailed coverage of the *ex-ante* evaluations and their recommendations is provided, there is no overview of the recommendations specifically regarding the consistency of the financial allocations with the objectives and results sought. In addition, there should be explicit reference to consistency with the Europe 2020 Strategy, the NRP and the CSRs.

## **1.3 List of selected thematic objectives and the main results expected**

- (27)1.3: The PA should describe how social innovation and the policy objectives are to be achieved as Article 9(1) of Regulation (EU) No 1304/2013 stipulates a general obligation of Member States that the 'ESF shall' promote social innovation. Although social innovation is underlined in the OP, the PA should give an overview on how Estonia will respond to this requirement set by the Regulation.
- (28)1.3: Please outline what contribution of ESI Funds is meant to implement the Active Aging Development Plan 2013-2020.
- (29)TO1: Please state explicitly that the smart specialisation framework consists of the Research, Development and Innovation (RD&I) strategy and the Entrepreneurial Growth Strategy (not: 'is part of' as stated in the PA on p. 55).
- (30)PA should also include an explanation and description of the process on how the three broad opportunity areas identified in the smart specialisation strategy (RIS3) will be further broken down into more detailed smart specialisation fields to ensure concentration of ERDF Funds. It is suggested to use the same text as provided in the informal accompanying document on the fulfilment of the RIS3 ('...that a more detailed analysis of the given sub-sectors will be continued so that narrower niches with more potential for success can be found in cooperation with entrepreneurs').
- (31)TO1, TO3: In view of the different timeframes associated with the implementation of each TO, the Estonian authorities should put in place a close policy monitoring to ensure synergy between the investments under the two TOs. In this respect, cluster initiatives can be instrumental in securing synergy between innovation and competitiveness goals, especially if designed to be instrumental in the internationalisation of Estonia's small and medium-sized enterprises (SMEs).
- (32)TO1: It should be explained more definitely what 'various types of environmental payment to ensure raw materials that have been produced in an environmentally friendly way' means. Does this mean low-carbon production, reduced emissions or something else altogether?

- (33)TO2 (first paragraph): The statement on ‘availability of broadband’ should be amended to focus on NGA coverage (see corresponding comment on 1.1.2.1 point 5 for details).
- (34)TO4: More detail should be provided on what is envisaged for the forestry sector (production, biomass, carbon sequestration, social as well as economic and environmental aspects) and what is planned for the primary producer level and low carbon strategies in rural areas.
- (35)TO4: Please clarify if the aim was to support energy efficiency in public buildings under this TO and develop the main results for the Cohesion Fund accordingly, where appropriate.
- (36)TO4: The expected results under the Cohesion Fund include an increase in the share of efficient cogeneration of energy production in enterprises. Please explain how this aim is linked with the aim of improving resource and energy efficiency under TO1 and how the division of work between the two TOs is organised in this respect.
- (37)TO4, TO8: Sustainable local mobility is proposed to be promoted under these thematic objectives. Please explain how the work is divided and coherence is to be ensured.
- (38)TO5: In point 1.3.5, the explanation of the EAFRD intervention should be elaborated by giving an exact list of the planned rural development measures contributing to the achievement of the TO5 objectives. Additional information is especially relevant considering the high expenditure planned under TO5 from the EAFRD (over EUR 130 million).
- (39)TO6: There should be a reference to the Marine Strategy Framework Directive (MSFD) as regards the Baltic Sea Action Plan.
- (40)TO6: Regarding urban waste water treatment, it should be explained how the connection of households to collecting systems is ensured.
- (41)TO6: The intervention by EAFRD in point 1.3.6 should be further specified. Considering the importance of the issues related to the water protection, both nationally and in the context of the EU Strategy for the Baltic Sea Region (EUSBSR), the text should include concrete sub-measures and/or activities of the agri-environmental support.
- (42)TO6: Support for the cross-sectoral projects, such as Maritime Spatial Planning (MSP) and Integrated Maritime Surveillance, as well as the allocation of funding (European Maritime and Fisheries Fund or EMFF) should be addressed under this TO. Integrated maritime surveillance should not be only limited to preparedness for emergencies. The PA should explain how the objectives of Integrated Maritime Surveillance and in particular the fulfilment of the Common Information Sharing Environment (CISE) objectives (preparatory studies, software development, organisational modifications, etc.) are to be supported through the EMFF. The PA should also explain how the implementation of MSP will be supported. It should refer to the funding needs for MSP, such as capacity building through data collection, governance structures being in place to ensure stakeholder participation and cross-border consultation.

- (43)TO6: A reference is made on p. 8 to the need ‘to focus on making use of existing production capacities’ in the aquaculture sector. In this regard, the PA should clearly state that it will be ensured that such developments (e.g. expanding production) will not have adverse effects on water quality, which should be monitored and reported on as part of the Water Framework Directive requirements and in connection with other reporting obligations.
- (44)TO6: A reference is made on p. 64 to the fact that ‘local resources will be used in the development of coastal regions’. This should explicitly refer to the ‘sustainable development of coastal regions’. Furthermore, the PA should clarify what is meant by ‘...since fishing is a seasonal activity, people engaging in it in coastal regions should have additional sources of income that are also related to fishery and marine resources’ and what the environmental aspects of such a policy might be.
- (45)TO7 (TO4): As regards the expected results of the Cohesion Fund and ERDF investments, points 1.3.4 and 1.3.7 should be more detailed. The current level of description does not allow an understanding of what the priorities are for Estonia. More specifically, a clarification is requested that the commitment to comply with the relevant technical specifications of interoperability (TSI) for rail transport, including the European Rail Traffic Management System (ERTMS), is expected in the case of the Rail Baltic’s 1435 mm higher-speed railway. It must be noted that the deployment of ERTMS must be ensured on all the new lines (i.e. Rail Baltic) or in case of installing or upgrading any signalling and control system, in accordance with Commission Decision 2012/88/EU. It is also vital that road safety aspects are taken thoroughly into account in all road infrastructure planning, notably by a clear commitment to applying the infrastructure safety management principles in planning, construction and maintenance of road infrastructure.
- (46)TO8: The section 1.3.8 regarding the ERDF should be elaborated and made more consistent with the measures identified under section 3.1.5.
- (47)TO8: A reference to support setting up young agricultural producers should be added to the introductory part of point 1.3.8, as well as to the section dedicated to the EAFRD intervention.
- (48)TO8, TO9: A paragraph should be added describing the results of all Youth Guarantee measures under the two TOs in question.
- (49)TO8, TO9, TO11: To ensure a more strategic approach in the PA, Estonia is invited to make use of the Social Protection Committee’s (SPC) voluntary quality framework as guidance for setting up quality social services and to design the appropriate services.
- (50)TO9: The general result ‘higher social inclusion and more active participation in the labour market’ (1.3.9) needs to be further specified. It is not clear as to how and to what extent the ESI Funds will contribute to meeting the Estonia 2020 objectives.
- (51)TO9: In accordance with de-institutionalisation principles, the PA should point out the need to implement an integrated and individualised needs-based approach in the provision of services that support the replacement of residential institutions for persons with disabilities, the elderly and children by care in the community. This also requires taking a clear position on investments by ESI Funds in social care



infrastructure, meaning that only measures supporting the transition from institutional to community-based care should be supported. Regarding long-term care (LTC) and de-institutionalisation, a small size of accommodation does not in itself guarantee the elimination of institutional culture. There are a number of other factors, such as the level of choice exercised by the service users, the level and quality of support provided, participation in the community and the quality assurance systems used which impact on the quality of the service. In this regard, it should be clarified as to what is understood by the 'interim stage' and what the strategy is for complete de-institutionalisation towards community-based care.

- (52) TO9: Although reference is made to the Development Plan for Children and Families 2012–2020, no indications are provided of the concrete results to be achieved (such as reducing child poverty).
- (53) TO9: Concerning 'Poorly integrated permanent residents' for the result 'society will be more open and tolerant towards people with different cultural backgrounds'. Please clarify how the latter will be achieved through ESIF investments and justify how this result falls in the scope of the funds.
- (54) TO9 The link between 'promoting social inclusion, combating poverty and any discrimination' and 'low immigration of senior specialists and talented people' is not clear (see p. 78).
- (55) TO10: The PA should demonstrate a commitment to ensuring the enhanced integration of children with special educational needs to mainstream services (desegregation).
- (56) TO11: The PA text in 1.3.11 acknowledges 'the need to guarantee quality, availability and a regionally balanced approach in delivering public services'. The PA text should clearly spell out that before the ESI Funds are invested in these services, a) minimum quality standards for the services will be developed; b) appropriate service areas will be established.

#### **1.4 The indicative allocation of support**

- (57) Please check the EUR 1 difference in ESF PA table 1.4.1 and OP 18c (in TO10).
- (58) For the EAFRD, the allocations by TO (table 2) should be coherent with the financial allocation set out in Annex I to the EAFRD Regulation (EU) No 1305/2013. In table 4, regarding the share of technical assistance for the EAFRD, there seems to be a calculation error. It should be 4.0% rather than 3.8%.

#### **1.5 The application of horizontal principles and policy objectives**

- (59) 1.5.1: The focus appears to be on the methodology of selection and involvement of the partners. More information should be given on how the consultations actually influenced the strategic policy choices.
- (60) 1.5.2: Gender-specific actions should be identified in line with Article 7 of the ESF Regulation (EU) No 1034/2013.
- (61) 1.5.3: Only some aspects of green public procurement are mentioned. The principle of 'sustainable development' with its elements (environment, resource efficiency, climate

change mitigation and adaptation, biodiversity and ecosystem protection, disaster resilience and risk prevention and management, energy efficiency, etc.) should be taken into account and clearly reflected in the text with concrete proposals. Green Public Procurement, life-cycle assessment, etc. are not mentioned as possible and considered options, while interventions are highly concentrated on TO1 and within that on the existing private sector where such methods, e.g. life cycle, can be relatively easily considered as options.

- (62) 1.5.3 The active environmental climate measures to be implemented under the RDP should integrate knowledge, innovation and resource efficiency into schemes where applicable.

**1.6 The list of the programmes under the ERDF, the ESF and the Cohesion Fund, except those under the European territorial cooperation goal, and of the programmes of the EAFRD and the EMFF, with the respective indicative allocations by the ESIF and by year**

- (63) The annual amounts in the table under section 1.6 should comply with the annual amounts indicated in table 2 of the letter from the Directorate-General Regional and Urban Policy of 20 December 2013 [Ares(2013)3779289] and in Annex I to the EAFRD Regulation (EU) No 1305/2013. Please check and correct where relevant.

**2. ARRANGEMENTS TO ENSURE EFFECTIVE IMPLEMENTATION**

**2.1 Arrangements to ensure coordination between the ESIF and with other Union and national funding instruments, and with the European Investment Bank (EIB)**

- (64) In order to underline the scope for synergies with specific instruments under Horizon 2020, and in line with the priorities relating to research and innovation in the Common Strategic Framework (CSF), the text concerning Horizon 2020 should also include reference to complementarities with the Marie Skłodowska-Curie co-fund; Public-Public Partnerships (Joint Programming Initiatives, European Research Area-NET, Article 185 initiatives); Public-Private Partnerships (Article 187 initiatives) and actions under Part IIIa of Horizon 2020 relating to Spreading excellence and widening participation, in particular 'Teaming', 'Twinning' and 'ERA Chairs'.

- (65) Please provide information on the general arrangements for ensuring coherence of regional development policy in rural areas and the rural development.

- (66) The coordination mechanisms between the EU Strategy for the Baltic Sea Region (EUSBSR and the Investment For Growth and Jobs (IFGJ), and the European Territorial Cooperation (ETC) programmes are not clear and should be further elaborated. As regards the EUSBSR, how coordination mechanisms are ensured between policymakers, managing authorities of the programmes, national contact points (NCPs) of the strategy and priority area coordinators at national level should be explained (for example, how priority area coordinators, NCPs, focal points will be involved, etc.). The point is to make sure that the decisions on the funds (programming and decisions on projects) take into account the EUSBSR. There is so far no clear answer in the PA on this point. One could recommend that the NCP of the EUSBSR receives all the projects which are supported by the Steering Groups (through the Estonian members of the Steering Groups), ensures that they apply for funding under

the ERDF/ESF/other EU instruments and presents them in the Monitoring Committees.

## **2.2 The information required for *ex-ante* verification of compliance with the rules on additionality**

(67) The level set by Estonia (2.9%) is below the acceptable minimum. Given the significance of ESI Funds on gross domestic product (GDP), the level of public investment (P51 or gross fixed capital formation of the general government) should be at around 4.5% of GDP on average until 2020. Moreover, in section 2.2 there is no explanation about the trends of fiscal space over the period and this is necessary. As the target can be modified at the mid-term verification, there are no risks in being more ambitious in the second part of the programming period (2017-2020). The data reported for 2015 (2.4) is considerably below the Economic and Financial Affairs (ECFIN) forecast (4%).

## **2.3 Summary of the assessment of the fulfilment of applicable *ex-ante* conditionalities**

(68) The Commission disagrees with Estonia's self-assessment with regard to the following EACs:

- Regarding 4-1 (Energy efficiency), the first and second criteria are not met. As concerns the minimum requirements related to energy performance under Articles 3, 4 and 5 of Directive 2010/31/EU, on the basis of measures notified by Estonia it seems that sufficient actions have not been taken. This concerns in particular the minimum energy performance requirements for buildings that undergo a major renovation. Furthermore, Estonia has not established a certification system of energy performance in buildings in line with Article 11 of Directive 2010/31/EU. Therefore, an action plan is required for the fulfilment of the two criteria of the *ex ante* conditionality, indicating also the bodies responsible and a timetable.
- Regarding 7-1 (Transport), 7-2 (Railway), 7-3 (Other modes of transport), the criteria on realistic and mature project pipelines are not met. The Estonian Transport Infrastructure Investment Plan 2014-2020 and the National Transport Development Programme's (NTDP) implementation plan are not in place. Transparency of the plans should be ensured. One of these transparency elements is that the methodology (data collection, traffic model used) is explained, as well as how the project pipelines and the ranking/urgency of the projects were established. Another element is to show the state of completion of the Trans-European Transport (TEN-T) rail and road (core and comprehensive) networks in a way that demonstrates that the ratio between rail and road allocation is justified and that this will not lead to more emissions.

As concerns the capacity to deliver the project pipeline, the ministerial regulation 'Conditions of measure for the development of transport infrastructure and procedure for preparation of the investment plan for 2014' is not in place and the procedures of implementing the measure have not been adopted by the second-level Intermediate Body.

As regards supporting investments in airports the current section on airport infrastructure within the Transport Development Plan does not provide sufficient information confirming the need and priority for those investments to be financed from ERDF/Cohesion Fund. More information is required to provide a proper justification for these investments and a solid business case in terms of their economic and financial viability (traffic estimates, opportunity costs vis a vis alternative transport means, the need for public support, financial sustainability, etc.)."

In addition, a clarification is requested about whether the environmental assessment has been carried out for maritime policy. If not, this should also be covered by an action plan.

- Regarding 6-1 (Water), the first and second criteria are only partially fulfilled. Estonia implemented the broad definition of water services in its River Basin Management Plans (RBMPs) but cost recovery calculations were only performed for water supply and sanitation. According to Estonia's self-assessment, the cost recovery calculation has now been extended to other water services. However, there is still a low contribution or lack of contribution to cost recovery by water uses (households, agriculture and industry) for some water services, which can lead to distorted pricing in the sectors that are covered by the ERDF/Cohesion Fund. Regarding the second criterion, there are shortcomings in the monitoring network (e.g. low density of monitoring stations, monitoring of polluting chemicals is unsatisfactory, etc.) and prolonged deadlines for achieving a good status in order to carry out further studies.

(69) Regarding EAC 9-1 (Active inclusion), please address the following elements:

- Although references to different sectoral development plans and the Europe 2020 Strategy are given, they do not seem to form a comprehensive strategic framework. It is therefore difficult to assess how an effective and efficient reduction in poverty will be achieved. It will be particularly important to meet the sub-criteria about the shift from institutional to community-based care (having in mind the planned de-institutionalisation-related measures for both services and infrastructure). It is expected that all relevant target groups will be addressed by the strategy.
- The action plan should contain clearly defined and specific actions and dates. Additional information about implementation steps is required. The deadline given (2016 Q4) 'for preparation' of the Social Security, Inclusion and Equal Opportunities Development Plan is not clear. The Development Plan needs to have been adopted by this time.
- In the case of non-fulfilled EACs, it is expected that strategic documents (such as development plans) are included in the Government Action Programme.

(70) EAC 9-2 (Integration of Roma) is included, but ESIF investments are not identified in the PA. If Estonia will not invest in Roma integration, then the relevant EAC is not necessary. Please clarify.

- (71) Regarding EAC 9-3 (Health), please clarify whether the Healthcare Network Strategic Development document required for fulfilment of the first criterion indicated in the detailed self-assessment will be a part of the updated Public Health Development Plan. The indicative budgetary framework only covers the period until 2016. This needs to be reviewed as far as possible now, with the possibility of updating it later (in one to two years).
- (72) Regarding EACs 10.1 (Early school-leaving) and 10.3 (Lifelong learning), the Lifelong learning strategy 2020 sets only a deadline for the relevant implementation plan but not for approval of the sectoral programmes. Please clarify if the deadline for approval of the implementation documents that you mention (2014 Q3 in table 9) also covers the relevant programmes and add deadlines for their adoption. Please indicate clearly which elements are not fulfilled (i.e. not only that strategy and implementing acts will cover it).
- (73) The action plans for EACs 9-1, 9-3, 10-1 and 10-3 should cover the long-term mapping of any necessary infrastructure investment needs with due account of the expected demographic trends.
- (74) Regarding EAC 11 (Institutional capacity), please update the explanations column in table 6: i.e. revise 'the concept will be completed in 2013'. Also, please clarify as to whether some of the elements of the action plan have been completed and update as appropriate.
- (75) Regarding EACs B.1 (Anti-discrimination), B.2 (Gender equality) and B.3 (Disability), the proposed action plan to fulfil the criteria related to staff training should clarify not only when plans for training will be elaborated, but when training will be offered.
- (76) EAC B.3 (Disability): The applicability of the UN Convention of the Rights of Persons with Disabilities (UNCRPD) should be checked against measures under TO9 (restructuring disability homes) and also transport actions.
- (77) The fulfilment of EAC B.7 (Statistical system and result indicators) can only be assessed in the OP.
- (78) Regarding the EAFRD-specific EACs on pages 130-131, it should be indicated (e.g. in the last column 'Explanations' of the self-assessment table) that the applicable national legal acts will be revised in 2015 following the entry into force of the new baseline requirements under the common agricultural policy (CAP) reform.
- (79) The RDP conditionality No 3 should not have reference(s) to the future RDP but to the relevant national standards already in place.

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

- (80) The description of the methodology and mechanism to ensure consistency should make clear how the RDP-related aspects are covered.
- (81) The PA does not set out clearly how consistency in the selection of indicators and the setting of milestones and targets will be ensured across programmes and priorities;

reference is made to it building on the objectives and the indicators defined in the existing and updated sectoral development plans but it needs to be further elaborated on how this might help ensure consistency. The PA does not refer to possible guidance for the preparation of the performance framework nor to any national rules and principles on setting milestones or targets for the sectoral development plans.

## **2.5 Assessment of the need to reinforce the administrative capacity of the authorities involved in the management and control of the programmes and of the beneficiaries**

- (82) Please explain whether there will be new institutions involved in the administration of the ESIF which have no such previous experience. If this is the case, please clarify how their need for building administrative capacity is going to be addressed.
- (83) Please indicate the number of staff involved in the management and control of the programmes under the ESI Funds and whether it is considered to be sufficient. Please clarify whether staff turnover is considered to be a problem for the effective administration of the programmes and how it is planned to address it.
- (84) As regards the anti-fraud measures, the Commission expects that the PA will express commitment to put in place effective and proportionate anti-fraud measures, taking into account the risks identified, as per Article 125(4)(c) of Regulation (EU) No 1303/2013. There are several new guidance materials and tools developed by the Commission and their applicability to the national/regional context should be taken into consideration.
- (85) The administrative capacity of the Managing Authority (MA) should allow for the effective implementation of the above provision to put in place risk-based, effective and proportionate fraud prevention measures. In order to reflect this legal obligation, a reference should be made to the administrative capacity to implement this obligation, and in particular to the fraud risk analysis that has to be performed and how the results of the fraud risk analysis will be used in the internal control system of the MA.

## **2.6 Summary of the actions planned in the programmes to achieve a reduction in the administrative burden of the beneficiaries**

- (86) An indicative timetable for the achievement of a reduction in the administrative burden on beneficiaries as required by Article 15(1)(b)(vi) of Regulation (EU) No 1303/2013 is missing. Estonian authorities are invited to clarify whether the actions listed in chapter 2.6 are planned to be fully implemented at the beginning of the programming period or whether certain milestones or phasing issues are foreseen.
- (87) A wider use of simplified cost options is recommended. Specific information on how and when this will be put into practice is lacking. Please address all possible simplified cost options.

## **3. THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESIF FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS**

- (88) 3.1 Under community-led local development (CLLD), an explanation should be provided as to why Estonia does not intend to use the multi-fund approach.

- (89) 3.1 Please clarify as to whether local action groups may benefit from complementary support from the ERDF and ESF, and how the integration of funds will be achieved at the local level.
- (90) 3.3. A number of other proposed interventions contributing to sustainable urban development are referred to in addition to the specific urban priority axis. Coordination and synergy between the different measures for urban areas is important and therefore the urban strategies should also include these investment areas.
- (91) 3.3 Support is planned for sustainable urban mobility through the urban axis. In order to be sustainable, the urban strategies have to demonstrate that preventive measures are taken in this respect as the analysis identifies problems of urban sprawl.
- (92) 3.3 It should be clear, both from the analysis and in the integrated approaches proposed in this section, that the urban development strategies themselves identify their specific challenges and needs in the area of childcare facilities.
- (93) 3.4 Marine litter should be highlighted in the wider context of marine pollution. Marine litter is a MSFD descriptor, a key topic of the EUSBSR and one of the Helsinki Commission's (HELCOM) main areas of interest. It should thus be covered explicitly.
- (94) 3.4 The transnational and cross-border programmes are listed but the articulation between their priorities and those of the EUSBSR are not explained. The contribution of ETC programmes to the EUSBSR should be described.
- (95) 3.4 The use of Article 70(2) of Regulation (EU) No 1303/2013 is not mentioned (the possibility to spend ERDF/ESF outside the eligible area). Estonia is encouraged to consider the possibility of using Article 70.
- (96) 3.4 The paragraph on support for the transition to a new working ability assessment and benefit scheme, as well as to active labour market services to prevent and reduce unemployment, should be moved to TO8, together with a link to the national interventions in employment policy.

#### **4. AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE AND A SUMMARY OF THE ACTIONS PLANNED**

- (97) Please outline how to ensure the obligation to collect and store microdata on individual participants in operations (Article 125(2)(d) of Regulation (EU) No 1303/2013).

## Typing errors

- (98) There is a typo in table 1 where in several cases (e.g. under TO8 and 9) there is a reference to 'CSR No 3 for 2013, incl. implementing targeted measures to reduce employment'. It should be corrected to 'reduce unemployment'.
- (99) In section 1.3.4 of the PA report (p. 58), there is a typing error when referring to section 1.1.2.5. It should read 'section 1.1.2.3'.
- (100) In the box on page 21 of the English version of the PA, the last sentence that currently features under CSR5: 'Relevant reform proposals should be made within a reasonable timeframe' should be deleted.
- (101) Numbering of figures and references to figures in the text do not always match between sections 1.1.3 and 3.
- (102) The EN translation refers to the Estonian Maritime Strategy under section 1.3.6. Should it not be the Estonian Marine Strategy?