



Brussels, 20.10.2023  
C(2023) 7129 final

**COMMISSION IMPLEMENTING DECISION**

**of 20.10.2023**

**on the authorisation of the disbursement of the first and second instalments of the non-repayable support for Estonia**

(Only the Estonian text is authentic)

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## on the authorisation of the disbursement of the first and second instalments of the non-repayable support for Estonia

(Only the Estonian text is authentic)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility<sup>1</sup>, and in particular Article 24(5) thereof,

Whereas:

- (1) According to Article 4(2) of Regulation (EU) 2021/241, the specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans.

Council Implementing Decision of 16 June 2023 amending the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia<sup>2</sup> (the ‘Council Implementing Decision’) provides that the Union is to release instalments in accordance with the Financing Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Estonia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

- (2) On 30 June 2023, Estonia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the first and second instalments of the non-repayable support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of this assessment, the operational arrangements concluded between the Commission and Estonia<sup>3</sup> in accordance with Article 20(6) of Regulation (EU) 2021/241, were taken into account.
- (3) The Commission made a positive preliminary assessment of the satisfactory fulfilment of all 28 relevant milestones and one target related to the non-repayable support and, in accordance with Article 24(4) of Regulation (EU) 2021/241, provided its findings to

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<sup>1</sup> OJ L 57, 18.2.2021, p. 17.

<sup>2</sup> Council Implementing Decision amending the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia, COM 2023/0161

<sup>3</sup> Recovery and Resilience Facility Operational arrangements between the European Commission and Estonia, entered into force on 4 March 2022.

the Economic and Financial Committee asking for its opinion on the satisfactory fulfilment of the relevant milestones and targets. In accordance with Article 25(4) of that Regulation, the Commission provided the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets. The Economic and Financial Committee agreed with the Commission's positive preliminary assessment and considered that Estonia has satisfactorily fulfilled all the milestones and targets associated with the payment request. The Commission has taken the opinion of the Economic and Financial Committee into account for its assessment.

- (4) Section 2(1)(1.1) of the Annex to the Council Implementing Decision provides the relevant milestones and targets that are to be satisfactorily fulfilled for the first and second instalments of the non-repayable support for an amount of EUR 233 109 470.
- (5) Milestone 1 provides for the publication of the call for proposals to support the digital transformation of businesses, and of the award criteria. The evidence provided by Estonia demonstrates that the relevant Regulation of the Minister of Entrepreneurship and Information Technology was adopted, and that the call for proposals was published on the Enterprise Estonia webpage in line with the milestone requirements. The Council Implementing Decision required that a call for proposals to support the digital transformation of businesses, together with the award criteria, shall be published by the Ministry of Economic Affairs and Communications. The Ministry of Economic Affairs and Communication issued a Regulation which specifies that the opening of the call is announced by the Estonian Business and Innovation Agency (an intermediate body) on its website, in consultation with the Ministry of Economic Affairs and Communication. The call for proposals was published by the intermediate body on the webpage of Enterprise Estonia on 31 August 2022. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it concerns internal procedures of Estonia, where the relevant Ministries have formally delegated the relevant implementing body to carry out one of the activities in its competences. As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Milestone 11 provides for the entry into force of the secondary legislation necessary for the application and allocation of support for the digital transformation of businesses. The evidence provided by Estonia demonstrates that the Directive of the Ministry of Education and Research laying down the conditions for granting the aid 'Recovery and Resilience Facility' reform 2 'Skills reform for the digital transition of businesses has entered into force. The Council Implementing Decision required the conditions for support to be established through a ministerial decree. Instead, the conditions have been established through a directive issued by the responsible minister. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian legislation, a Minister is empowered to only issue regulations and directives, and a directive has the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that this milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (7) Milestone 16 provides for the completion of the preparatory tasks needed to draw up export strategies. The evidence provided by Estonia demonstrates that the authorities

performed a sectoral study mapping and ranking the interests of Estonian exporters, leading to the justified selection of the target markets. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (8) Milestone 19 provides for the preparatory analysis allowing the definition of the content and locations of business centres. The evidence provided by Estonia demonstrates that an analytical report was prepared by the Ministry of Foreign Affairs containing an analysis on the content of the business centres in terms of objectives and expected activities to be conducted, as well as on their locations including the added value for export to be achieved. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (9) Milestone 21 provides for the selection of impact groups and destinations for Estonia's global digital missions. The evidence provided by Estonia demonstrates the set-up of impact groups, including their composition, and the selection by the relevant authorities of the list of destinations for global digital missions. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (10) Milestone 23 provides for the creation of a Green Transition Task Force to implement and monitor the green transition. The evidence provided by Estonia demonstrates that the authorities set up the task force and the necessary working groups for specific measures in line with the milestone requirements. The Council Implementing Decision required that the Ministry of the Environment shall reform the existing Working Group on Green Technology (set up in 2020) into the RRP's Green Transition Task Force. As indicated in Article 1 of the directive issued by the Minister of the Environment, a Task Force on the Green Transition of Enterprises was set up, without reforming the existing Working Group on Green Technology. Whilst the fact that the Working Group was set up instead of the existing Working Group being reformed constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it is in line with the description of the measure which states that "the reform shall consist of the set-up of a broad-based Green Transition Task Force". Furthermore, the purpose and composition of the Green Transition Task Force is in line with the requirements of the Council Implementing Decision. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (11) Milestone 25 provides for the entry into force of secondary legislation setting out the terms of support for the development of green skills. The evidence provided by Estonia demonstrates that the secondary legislation entered into force. The Council Implementing Decision required that the secondary legislation shall contain provisions ensuring that any action supported under this measure is focused on areas contributing to the reduction of greenhouse gas emissions or the adaptation to climate change. The directive lists supported activities by curriculum groups and defines the aim of the curriculum development as teachable green skills supporting the transition to climate neutrality in the mentioned sectors and the reduction of CO<sub>2</sub> emissions. It further states that the education for green skills financed with this measure support the transition to climate neutrality in the sectors the programme is active in as well as to the reduction of CO<sub>2</sub> emissions. Hence, the directive does not explicitly mention that any action supported under this measure is focused on areas contributing to the reduction of greenhouse gas emissions or the adaptation to climate change. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, it is evident from the content of the directive that only green

skill activities with the aim of supporting the transition towards climate neutrality and the reduction of CO2 emissions shall be supported. As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (12) Milestone 28 provides for the establishment of a working group to plan and set up the green technology development programme. The evidence provided by Estonia demonstrates that the authorities set up a working group and recruited a project manager. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (13) Milestone 32 provides for entry into force of a ministerial decree setting out the terms and conditions of grant eligibility for the modernisation of the business models in manufacturing companies. The evidence provided by Estonia demonstrates that a Regulation issued by the responsible minister entered into force. The Council Implementing Decision required the conditions for granting support to be enacted by a decree of the responsible minister. Instead, the terms and conditions of support for the modernisation of the business models in manufacturing companies have been established through a Regulation of the Minister of Entrepreneurship and Information Technology. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian legislation, a Minister is empowered to only issue regulations and directives, and a regulation has the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the investment that this milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (14) Milestone 34 provides for the publication of the notice for calls for proposals for grants to support resource-efficient green technologies and the valorisation of bio-resources. The evidence provided by Estonia demonstrates that the calls have been published. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (15) Milestone 37 provides for the signature of the contractual agreement between the Ministry of Economic Affairs and Communications and SmartCap to manage the Green Fund. The evidence provided by Estonia demonstrates that the contractual agreement has been signed. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (16) Milestone 38 provides for the adoption of the investment policy for the Green Fund by SmartCap. The evidence provided by Estonia demonstrates that the investment policy document has been adopted by SmartCap. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (17) Milestone 44 provides for the setting up of a data management team through the recruitment of staff in the following three entities: the Statistical Office, the Ministry of Economic Affairs and Communications and the State Information System Authority. The evidence provided by Estonia demonstrates that the authorities set up the data management team in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (18) Target 51 provides for access to digital public services through the virtual assistant platform. The evidence provided by Estonia demonstrates that one digital public service (Weather) is made available through the platform of the virtual assistant in line with the target requirements. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (19) Milestone 54 provides for the development of centrally delivered or shared IT base services. The evidence provided by Estonia demonstrates that basic IT services provided or shared centrally are open for subscription by new users (ministries and other authorities), in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (20) Milestone 65 provides for publication of calls for application for residential apartment buildings renovation grants. The evidence provided by Estonia demonstrates that the call has been published in line with the milestone requirements. The Council Implementing Decision required that the results shall be certified by ex-ante and ex-post Energy Performance Certificates. However, Estonia has not required the certification of results by ex-ante and ex-post certificates for partial renovations. Instead, Estonia used ex-ante and ex-post simulation calculations by KredEx, which has in-house energy efficiency competence with an occupational qualification certificate of Chartered Energy Efficiency Specialist (EstQF Level 8) to calculate the energy performance of buildings. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the energy performance certificates are required ex-ante and ex-post for the cases of complete renovation of the apartment buildings and for all other cases, the ex-ante and ex-post energy performance is calculated and validated by KredEx using the same data and methodology as used by certified energy performance experts when issuing energy performance certificates. Complete renovations account for the large majority of the projects supported (according to the studies on the average energy efficiency of apartment buildings submitted by Estonia 87% of all currently supported renovations are full renovations). As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (21) Milestone 68 provides for publication of calls for application for small residential buildings' renovation grants. The evidence provided by Estonia demonstrates that the call has been published in line with the milestone requirements. The Council Implementing Decision required that the results shall be certified by ex-ante and ex-post Energy Performance Certificates. However, Estonia has not required the certification of results by ex-ante and ex-post certificates for partial renovations. Instead, Estonia used ex-ante and ex-post simulation calculations by KredEx, which has in-house energy efficiency competence with an occupational qualification certificate of Chartered Energy Efficiency Specialist (EstQF Level 8) to calculate the energy performance of buildings. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the energy performance certificates are required ex-ante and ex-post for the cases of the complete renovation of the apartment buildings and for all other cases, the ex-ante and ex-post energy performance is calculated and validated by KredEx using the same data and methodology as used by certified energy performance experts when issuing energy performance certificates. Complete renovations account for the large majority of the projects supported (according to the studies on the average energy efficiency of apartment buildings submitted by Estonia 87% of all currently supported renovations

are full renovations). As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (22) Milestone 70 provides for adoption of the Government Decision alleviating height restrictions for installation of wind parks. The evidence provided by Estonia demonstrates that the Decision has been adopted by the Estonian Government in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (23) Milestone 71 provides for the adoption of the Government Decision designating responsible entities and setting deadlines for renewal of the National Energy Sector Development Plan. The evidence provided by Estonia demonstrates that the Decision has been adopted by the Estonian Government in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (24) Milestone 74 provides for the signature of a co-financing agreement for electricity network investments between the Ministry of Economic Affairs and Communications and the transmission system operator Elering AS. The evidence provided by Estonia demonstrates that the co-financing agreement has been signed in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (25) Milestone 81 provides for the adoption of the Transport and Mobility Development Plan 2021-2035 by the Estonian Government. The evidence provided by Estonia demonstrates that the Estonian Government adopted the Transport and Mobility Development Plan, and that the content of this Plan is in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (26) Milestone 89 provides for the completion of the tramway construction project design, and its adoption by the Tallinn Urban Planning and Utilities Board. The evidence provided by Estonia demonstrates that the Tallinn Urban Planning and Utilities Board has adopted the project design for the construction of the Tallinn Old Port tramline between Gonsiori street and Põhja Puiestee, in line with the milestone requirements. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (27) Milestone 90 provides for the awards for the work contracts concluded between Tallinn Urban Planning and Utilities Board and the contractor for the construction of the tramway line between Gonsiori street and Põhja Puiestee. The evidence provided by Estonia confirms that the contract has been signed for the construction of the tramway line between Gonsiori street and Põhja Puiestee between the Tallinn Urban Planning and Utilities Board, its co-financing institution, the Tallinn City Transport Authority, and the contracting parties Aktsiaselts Merko Ehitus Eesti and KMG Inseneriehitus OÜ responsible for constructing the tram line W. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (28) Milestone 106 provides for the entry into force of legislative amendments which shall improve the access to specialised care by extending the use of e-consultation in primary care allowing patients to be advised by a specialist without having to consult them face-to-face. The evidence provided by Estonia demonstrates that the Regulation of the Government on “the list of health care services of the Estonian Health Insurance

Fund” was amended and the amendments entered into force. The Council Implementing Decision required the entry into force of the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on access to specialised medical care. Instead, the list of health care services was amended through the entry into force of two Regulations issued by the Estonian Government. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian legislation, the Government can only issue regulations and orders, and a regulation has the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (29) Milestone 107 provides for the entry into force of the legislative amendments providing for the financing of fixed costs and services for general practitioners in order to increase the allocation of resources to primary medical practice outside metropolitan areas, especially in remote areas, and to increase patients’ access to diagnostic and screening services. The evidence provided by Estonia demonstrates that the Regulation of the Government on “The list of health care services of the Estonian Health Insurance Fund” was amended several times and the amendments entered into force. The Council Implementing Decision required the entry into force of the amendments to the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on costs and services of general practitioner. Instead, the Government Regulation was amended in 2020 and 2021. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian legislation, the Estonian Government can only issue regulations and orders. Regulations have the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (30) Milestone 113 provides for the entry into force of the Decree of the Minister of Health and Labour which shall define the characteristics of the “My First Job” scheme and the conditions for its implementation, including financing and target group. The evidence provided by Estonia demonstrates that the Directive of the Minister of Health and Labour on the ‘Provision of employment services to young people for recovery from the effects of the COVID-19 crisis’ entered into force. The Council Implementing Decision required the entry into force of the Decree of the Minister of Health and Labour to strengthen the “My First Job” scheme. Instead, a Directive was signed by the Minister of Health and Labour and entered into force. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Estonian legislation, a Minister is empowered to only issue regulations and directives. A directive has the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (31) Milestone 114 provides for the adoption of an amended Youth Guarantee Action Plan to support youth employment. The evidence provided by Estonia demonstrates that the Estonian Government adopted the “National action plan to strengthen the Youth



Guarantee for the period 2022-2027". On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (32) Milestone 117 requires the entry into force of legislative amendments to the Social Welfare Act which shall lay down the concept of long-term care and require local authorities to take into account the principle that a person must be able to live as long as possible in his or her home, in his or her usual environment, with sufficient quality services available. The amendments to the Social Welfare Act were adopted by the Estonian Parliament and entered into force. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (33) Milestone 124 provides for the entry into force of the Government Regulation on the legal framework for the implementation and monitoring of the recovery and resilience plan of Estonia. The evidence provided by Estonia demonstrates that a regulation was duly adopted that defines the legal framework, the authorities involved in the implementation and their tasks. On the basis of the justification provided, the milestone should be considered as satisfactorily fulfilled.
- (34) Following the fully positive assessment concerning Estonia's payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the first and second instalment of the non-repayable support should be authorised.
- (35) In accordance with Article 2(3) of the Council Implementing Decision, as specified in the Financing Agreement, the pre-financing of the financial contribution shall be cleared by being proportionally deducted against the payment of the instalments. As Estonia received EUR 126 008 898 of the financial contribution as pre-financing, an amount of EUR 33 667 594 of the payment should be utilised to clear the pre-financing. Additionally, in accordance with Article 13(3) of Regulation (EU) 2021/241 and Article 5 of the Financing Agreement, this payment shall also be reduced to offset the excess amount of pre-financing of EUR 13 783 586.
- (36) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty on the Functioning of the European Union.
- (37) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 35(1) of Regulation (EU) 2021/241.

HAS ADOPTED THIS DECISION:

#### *Article 1*

##### *Authorisation of the disbursement of the non-repayable support*

The disbursement of the first and second instalments of the non-repayable support as laid down in Section 2(1)(1.1) of the Annex to the Council Implementing Decision of 16 June 2023 on the approval of the assessment of the recovery and resilience plan for Estonia for an amount of EUR 285 955 440 is authorised.

In accordance with the Financing Agreement concluded pursuant to Article 23(1) of Regulation (EU) 2021/241 between the Commission and Estonia, EUR 47 451 180 shall be utilised to clear the pre-financing of the financial contribution and offset the excess amount of pre-financing paid. EUR 238 504 260 shall be provided to Estonia by means of payment to the bank account indicated in the Financing Agreement.

*Article 2*  
*Addressee*

This Decision is addressed to the Republic of Estonia.

Done at Brussels, 20.10.2023

*For the Commission*  
*Paolo GENTILONI*  
*Member of the Commission*