



**EXPERT EVALUATION NETWORK
DELIVERING POLICY ANALYSIS ON THE
PERFORMANCE OF COHESION POLICY 2007–2013
YEAR 1 – 2011**

**TASK 2: COUNTRY REPORT ON ACHIEVEMENTS OF
COHESION POLICY**

ESTONIA

VERSION: FINAL

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LIST OF ABBREVIATIONS

- AIR Annual Implementation Report
- EEN Expert Evaluation Network
- ERDF European Regional Development Fund
- ESF European Social Fund
- NSRF National Strategic Reference Framework
- OP Operational Programme
- RTDI Research, technological development and innovation
- SEN Special education needs
- VET Vocational education and training

EXECUTIVE SUMMARY

Estonia's remarkably rapid growth was reversed after the financial crisis of 2008—GDP decreased by 14% in 2009. In 2010, the Estonian economy started to recover (3.1% GDP growth) and continued to do so in 2011 (8.4% GDP growth in the 2nd quarter). Unemployment rate that reached 16.9% in 2010 decreased to 13.3% in the 2nd quarter of 2011. Due to fiscal restraint measures in 2009 and the contraction of the economy and wages, local government revenues declined considerably. The lagging and problem regions were affected more than other areas of Estonia.

There are no regional Operational Programmes (OPs); Estonia constitutes a single NUTS 2 region. The OP for the Development of Economic Environment has a community-funded budget of EUR 1.4 billion and the OP for the Development of Living Environment has an EU-funded budget of EUR 1.6 billion. Since the outbreak of the financial crisis, the most pressing central need has been to speed up the absorption of the Structural Funds and the Cohesion Fund. Second, after an opportunity arose to carry out energy sector development measures by using a larger share of national funding received from the Estonian CO₂ quota sales, EU funding allocated to this area was reduced by EUR 58.4 million.

Analysis of financial data in 2010, based on certified eligible expenditure of beneficiaries, reveals progress since end-2009: the implementation rate (expenditure relative to allocation) is 34% for the European Regional Development Fund (ERDF) (an increase of 18 percentage points since end-2009) and 11.1% for the Cohesion Fund (an increase of 7.5 percentage points). The average implementation rate for the OP for the Development of Economic Environment is 32% (an increase of 14.8 percentage points) and for the OP for the Development of Living Environment 19.1% (an increase of 10.8 percentage points). The rate of funding committed reveals good progress as well — 73.2% for the Cohesion Fund and ERDF combined.

The priorities with the lowest implementation and commitment rates are the following:

- 'Development of waste and waste management infrastructure' (0.5% implementation rate in 2009 and 4.6% in 2010);
- 'Enhancing the competitiveness of Estonian R&D through research programmes and modernisation of higher education and research institutions' (13.7% in 2009 and 17.7% in 2010).

The main reasons for delays in implementing programmes have remained largely the same:

- Reduction of the co-financing capacity of beneficiaries;
- Implementation delays or even cancellations of contracts and delays caused by court battles;
- Increased construction costs, making original estimates and plans invalid.

Enterprise support and research, technological development and innovation

The output and results of funding are generally in line with the targets set and the objectives of the interventions. Progress is most visible in:

- Inducing private sector investment into new technologies and engineering;
- Internationalisation of Estonian enterprises;
- Innovation investment of companies;
- Private sector R&D investment induced by projects supported.

On R&D, progress is evident in the improvement in the research and higher education environment and in an increase in the international competitiveness of Estonian R&D. Under-performance is apparent in two areas: 'Ensuring the competitive and sustainable development of the Estonian tourist industry' and the 'Thematic R&D programmes'.

Transport and communications

Two projects were completed in 2010; no evaluations are available on the impact of these projects. More general impact indicators show that although the number of passengers in regional ports and airports has grown rapidly, the demand for public transport services has declined, making 2015 public transportation use goals unrealistic.

Environment and energy

Overall, the outcomes are in line with the targets and policy objectives set and are having the intended effects. However, there are significant delays in starting up the projects. Only moderate progress is visible in the 'Development of water and waste management infrastructure', in the number of localised (treated) contaminated sites and in the closing of non-environmentally friendly industrial waste dumps. Serious attention needs to be paid to the implementation of environmental measures, where the recipients' ability to guarantee self-financing and the contesting of public procurements might lead to deviations from initial plans.

Territorial development

Progress is reported, but the indicators available relate mainly to output, making it almost impossible to assess results and impacts. Delays in starting the projects have made achievement of the targets impossible.

The implementation rate for the **Estonia-Latvia territorial cooperation programme** is 14% (67% for commitments). Problems are related to low interest in participation from the Estonian side, low involvement of private businesses and difficulties in finding funds for co-financing. It is not possible to analyse impacts of the Programme as the Annual Implementation Report (AIR) lacks (qualitative) analysis on achievements, and the indicators chosen reflect programme operations but are not appropriate for identifying outcomes and effects.

No additional evaluations or studies became publicly available between November 2010 and beginning of September 2011, although several important evaluations are in progress.

Regional differences within Estonia remain significant. However, the AIRs fall short in analysing results and impacts on the development of the different regions in Estonia.

1. THE SOCIO-ECONOMIC CONTEXT

The country report on Achievements of Cohesion Policy of 2010 brought out the following on the Estonian socio-economic context (see Kalvet 2010, pp. 5–6):

- Estonia is having a successful converging economy: Estonia actively participates in the Nordic economy, and its division of employment by sector is close to that of the EU27 average; productivity and GDP per head have been increasing very rapidly over 2000–2007.
- The remarkably rapid growth was reversed after the financial crisis of 2008, the economy experiencing one of the most severe contractions anywhere in the world: GDP decreased by 14% in 2009, and the unemployment rate that had been below the EU27 average has increased rapidly, reaching 19% in early 2010.
- The main challenge Estonia continues to face is how to turn the earlier domestically led growth into export-led growth and how to increase the competitiveness of its enterprises in global markets. This means moving from low knowledge, skills, and technology-intensive production towards higher value-added production.
- Despite the small size of the country, regional differences¹, including the standard of living and competitive ability of different counties, are quite significant even in international terms—especially comparing the urban regions of Tallinn and, to some extent, Tartu to the peripheral rural areas that are being deserted economically and socially.

The Estonian economy started a recovery in 2010 (See Tables 1 and 2 in the Excel file) that is also continuing in 2011. GDP growth was 3.1% in 2010, led mainly by the rapid growth of manufacturing. Value-added growth from manufacturing was supported by increased exports. In addition, the energy sector and financial intermediation had a considerable impact on GDP growth. The increase in energy production was mainly caused by a growing demand for energy induced by more active manufacturing as well as by the growth in the exports of electricity. GDP increased by 8.4% in the 2nd quarter of 2011, compared to the same quarter of 2010. Unemployment rate that reached 16.9% in 2010 decreased to 13.3% in the 2nd quarter of 2011. (Statistics Estonia 2011a).

The main challenge Estonia continues to face remains the same: how to turn the earlier domestically led growth into export-led growth and how to increase the competitiveness of its enterprises in global markets.

Estonia's regional problems remain the same as well: most economic development takes place in North Estonia's Harju County, especially around the capital city (Tallinn), which is also the country's industrial, financial and commercial centre as well as the main recipient for foreign

¹ Estonia is a single NUTS II region; on NUTS level III five groups of counties are distinguished. County (LAU 1) can be considered as a "region" because counties represent the state's interest at the county level and supervise activities of local governments. Estonia's regional policy has also traditionally focused on the development of counties and set targets primarily on a per county basis.

direct investments. Employment (Annex Table A) and income indicators (Annex Table B) in Harju County exceeded and continue to exceed the national average, encouraging migration to the region. The regional problems are most acute in North–East Estonia (Ida–Viru County) where unemployment, for example, is 25.8% (Annex Table C). Furthermore, contraction of the economy and wages as well as increased unemployment affected the income of local governments. Also, beginning in March 2009 as part of fiscal restraint measures, tighter controls were applied to local government finances and borrowing. As a result, local government revenues from taxes, environmental fees, and state transfers (excluding foreign funds, state transfers for education and social welfare) dropped from EUR 1 billion (2008) to EUR 775 million (2010) (Ministry of Finance 2011a). Evidence shows that the problematic regions have been affected more than others, e.g. income tax revenues (represents the largest proportion of local revenue) declined most severely in Ida–Viru and Järva counties (Annex Table D).

2. THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD

THE REGIONAL DEVELOPMENT POLICY PURSUED

The 2010 country report highlighted the following points as regards Estonian regional development policy (see Kalvet 2010, pp. 6–11):

- The main focus of policies is on developing human resources, a knowledge–based economy and basic infrastructure; increasing the effectiveness of environmental protection and developing the energy sector; enhancing local development; and increasing national administrative capacity (Estonian National Strategic Reference Framework 2007–2013 [NSRF 2007], pp. 58–64).
- The headline objective is fast and sustainable development that is also balanced. According to the NSRF (2007) EU structural assistance should be used to contribute to reducing disparities between regions.
- ERDF funding is aimed at contributing to the achievement of the central objective of the current Regional Development Strategy 2005–2015 which is to make all regions attractive places to live and work.
- There are no regional Operational Programmes (OPs) because Estonia is a single Convergence Objective region.
- The total allocated funding for Estonia for the period 2007–2013 from the Structural and Cohesion Funds is EUR 3.4 billion. The OP for the Development of Economic Environment has an EU –funded budget of EUR 1.4 billion and the OP for the Development of Living Environment one of EUR 1.6 billion.
- Estonia also participates in 7 European territorial cooperation programmes financed by the ERDF. The Estonian budget for these activities is EUR 52.4 million, dominated by two

programmes where territorial co-operation with Latvia, Finland, and Russia is prioritised.

Since the outbreak of the financial crisis, two major changes have been initiated regarding the Operational Programmes (OPs) and their implementation.

First, due to the recession, speeding up the introduction and absorption of the Structural Funds and the Cohesion Fund has become a more central concern. This applies to both the preparation and launching of measures and to making financing decisions and payments with the aim of injecting additional resources into the economy.

Secondly, in 2011 the European Commission approved changes that reduced allocations to the development of energy sector by EUR 58.4 million (3.7% of the total budget of the OP for the Development of Living Environment) and redirected them mainly to enterprise support measures. This change followed the proposal to use a larger share of national funding (received from the Estonian CO₂ quota sales) for energy support and from a need for additional funds for enterprise support projects. The need for more funding for enterprise support was also identified in the evaluation carried out in 2009 (see Kalvet 2010, pp. 22–23).

With these changes, the main priorities and budgets of the OPs are the following:

- The OP for the Development of Economic Environment focuses on enhancing the enterprise sector and improving the national R&D and innovation system. EUR 424 million (30% of the community-funded budget of the OP) is allocated to innovation and the capacity of enterprises for growth²; EUR 310 million (22%) is allocated to enhancing the competitiveness of Estonian R&D and higher education institutions; and EUR 636 million (44%) to the development of the transport system (Annex Table E and Table 3 included in the Excel file).
- The OP for the Development of Living Environment is focused mainly on the development of water and waste management infrastructure (EUR 626 million, 39%); integrated and balanced development of regions (EUR 389 million, 24%); and the development of education, health, and social welfare infrastructure (EUR 382 million, 24%) (Annex Table E and Table 3 included in the Excel file).

The Estonia – Latvia Programme 2007–2013 is a Cross-Border Cooperation programme under the European Territorial Cooperation Objective. The focus of the programme is on improving the enterprise environment (31% of the programme budget) and territorial development (20%) (Annex Table F)³.

² Initial budget was EUR 375 million.

³ AIR for the OP for the Estonia–Latvia Programme 2007–2013 (2011) states that the total ERDF allocation to the priorities 1–3 is EUR 35.9 million (p. 5). According to Table 3 included in the Excel file, however, the ERDF support (without the technical assistance) is EUR 35.1 million; with technical assistance included, it is EUR 38.2 million.

POLICY IMPLEMENTATION

The 2010 country report concluded (see Kalvet 2010, pp. 11–14):

- The implementation rate⁴ was 16.0% for ERDF and 3.6% for the Cohesion Fund as of the end of 2009.
- The average implementation rate for the OP for the Development of Economic Environment and the OP for the Development of Living Environment was 11.4%; it was 14.8% for the OP for the Development of Economic Environment and 8.3% for the OP for the Development of Living Environment.
- The analysis of financial progress, based on certified eligible expenditures paid for by beneficiaries, showed that the implementation of projects was slow. Many measures were not launched until 2008 and 2009.
- The rate of commitments reflected good progress for both OPs—68.7% for the OP for the Development of Economic Environment and 56.5% for the OP for the Development of Living Environment.

When comparing rates for implementation and commitments by year-end 2010, further progress has been achieved as evidenced by the following:

- The implementation rate was 34% for ERDF (increase of 18 percentage points compared to end 2009) and 11.1% for the Cohesion Fund (increase of 7.5 percentage points) (Annex Table G).
- The implementation rate for the OP for the Development of Economic Environment was 32% (increase of 14.8 percentage points since end-2009); for the OP for the Development of Living Environment, it was 19.1% (increase of 10.8 percentage points) (Annex Table H). Together, the average implementation rate was 25.6% (17.2 percentage points).
- The rate of commitments was 73.2% for the Cohesion Fund and ERDF (Annex Table I).

When comparing rates of implementation and commitments over three periods, the priority axes with the lowest commitment and implementation rates are the following (for 2009, see Kalvet 2010, p. 14; for 2010, see Annex Table H; and for 31 August 2011, see Annex Table E):

- ‘Development of waste and waste management infrastructure’. Only some progress has been recorded: 0.5% implementation rate in 2009 and 4.6% in 2010. The certified eligible EU expenditure compared to EU allocations stands at 12.4% at the end of August 2011. 78% of EU allocations are committed by the end of August 2011. The low implementation rate of the Cohesion Fund is largely due to this measure.
- ‘Enhancing the competitive ability of Estonian R&D through research programmes and modernisation of higher education and research institutions’. Only some progress has

⁴ Measured by total amount of certified eligible expenditure paid by beneficiaries, divided by total funding of the OP (Union and national).

been recorded: 13.7% implementation rate in 2009 and 17.7% in 2010. The eligible EU expenditure compared to EU allocations stands at 23.1% (65% for commitments) at the end of August 2011.

Below average progress can be noted in the following areas:

- 'Transport investments of strategic importance'. Although the implementation rate remains low, 18.8% (2010), it has increased from the 2009 level of 7.2%. The eligible EU expenditure compared to EU allocations stands at 28.3% (79.8% in commitments) at the end of August 2011.
- 'Development of infrastructure and support systems for sustainable use of the environment'. Implementation rates are 6.7% in 2009 and 17.7% in 2010. As of 31 August 2011, the eligible EU expenditure compared to EU allocations is 25.7%, and the rate of commitments is 85.5%.

The analysis of financial progress is complemented by a more qualitative analysis in the Annual Implementation Reports (AIRs) for the OP for the Development of Economic Environment (2011) and OP for the Development of Living Environment (2011). The overall assessment on the implementation of the ERDF and Cohesion Fund is generally positive, and the content of the programmes has been implemented in line with the OPs. As of 31 December 2010,

- 34 measures have been launched of the 43 in the OP for the Development of Economic Environment.
- 34 measures have been launched of the 36 in the OP for the Development of Living Environment.

Of the 79 measures planned in the two OPs, the AIRs express concerns about the following axes:

- Implementation of priority axis 2 of OP for the Development of Economic Environment 'Enhancing the competitive ability of Estonian R&D through research programmes and modernisation of higher education and research institutions'. Seven measures remain to be launched. Of these, five are related to the support of R&D activities in the following fields: ICT, materials technology, environmental technology, health care technology, and biotechnology. There are plans to launch the measures in 2011 and 2012.
- Implementation of priority axis 1 of the OP for the Development of Living Environment 'Establishment of waste stations' (waste-treatment sites). The main obstacles to the progress in implementation are the recipients' abilities to guarantee self-financing, contesting of public procurements, and fluctuation in the prices of public building contracts.

The fact that these measures have not been launched also explains the low implementation and commitment rates of the priority axes. No major concerns are raised on other measures where rates have been low as of 2010: these mainly concern infrastructure investment where preparation and implementation processes are lengthy.

The main reasons for the delays in implementing programmes have largely remained the same in 2009 and 2010:

- Beneficiaries have been affected by the economic crisis, and the co-financing capacity has been reduced.
- Due to the recession, there is intense competition among suppliers, especially regarding the construction of infrastructure. Sometimes attempts to lower costs have resulted in lower quality, implementation delays, or even cancellations of contracts. Increasingly, procurement decisions are taken to courts by competitors, causing further delays.
- Construction prices have started to increase, and the plans made during the recession might not be valid any more.
- Some universities and R&D units have not followed the procurement laws, whether by lacking needed competencies or by interpreting the law on their own.
- Completion of the projects will take more time. The project approval process occurs in several time-consuming stages.

While the rate of commitments is at 67%⁵, the implementation rate for the Estonia-Latvia Programme is 14%; for priority axis 1, the implementation rate is only 3.6% (Annex Table J). The following problems have been noted:

- Low interest for participation from the Estonian side. Programme territory and the scope of potential applicants are smaller in Estonia, and some existing national measures can be accessed more easily.
- Low involvement of private sector entrepreneurs. Missing pre-financing and high required co-financing are the major obstacles for private sector companies in project application.
- Economic crises and budget constraints. Applicants and project partners are facing more difficulties in finding funds for their own co-financing to cover the costs of project implementation.

ACHIEVEMENTS OF THE PROGRAMMES SO FAR

The 2010 country report concluded (see Kalvet 2010, pp. 14–20) that:

- In the **improvement of enterprise environment** the output and results of funding are generally in line with the targets and the objectives of the interventions set. Notable progress is observed in strengthening the Estonian R&D system and in supporting Estonian enterprises through productivity increasing investment and internationalisation. Under-performance is noted in two areas: ensuring the competitive and sustainable development of the Estonian tourist industry and the implementation of the thematic R&D programmes.

⁵ According to Annex Table F, in the field of environment and energy, the level of commitments compared to allocations is 250% and might require further research.

- The results and impacts of interventions in innovation remain unclear because progress is not reported for important indicators.
- Although data on some indicators are presented, the impacts as regards **environment and energy** measures remain unclear because achievement indicators in several areas are missing. For some of the measures, no projects have been completed.
- In **transport** there are no output indicators reported for any of the transport categories, but there are projects under construction for ports and airports, rail and road transport.
- In the case of **territorial development** the indicators consist predominantly of output ones (9 of 12), making it almost impossible to assess results and impacts.
- The discussion from a **regional perspective** is very limited in both AIRs. Nothing significant can be deduced about regional development from what is reported about outcomes, results and impacts.

The primary source of information for assessing achievements is supposed to be the AIRs for 2010 and relevant evaluations or research studies carried out. However, the AIRs are very indicator-driven and lack qualitative analysis and references to other studies and evaluations, making it difficult to summarise programme achievements. In addition, no new evaluations (as of the beginning of September 2011) have become available since the preparation of the 2010 report. Nevertheless, in the following, the main outcomes of expenditure in different policy areas as indicated in the AIRs are presented and related to the quantitative evidence.

The AIR for the OP for the Development of Economic Environment (2011) reports notable progress and achievements by end-2010 in **enterprise support and RTDI** (see Annex Table K for categorisation). Achievements (based on progress in meeting the targets set for indicators) and financial progress as regards enterprise support are good but modest for R&D and higher education infrastructure.

In the case of enterprise support achievements are related to better access to the capital required for productivity-increasing investment, the technological modernisation of businesses and successful internationalisation. There was a sharp increase in investment in new technology between 2009 and 2010 by businesses, which according to the AIR, from feedback received from companies, would not have occurred in most cases or would have been postponed without support (however, no source is given for this conclusion). It is reported that businesses focused on low-risk innovation activities which provide quick results during the economic recession and large-volume, long-term, and high-risk product-development projects were postponed, although by the end of 2010, these were beginning to be undertaken (again, no source is provided).

Indicators reveal progress in the following areas at the end of 2010:

- Inducing private sector investment in new technologies and engineering amounting to EUR 80 million, compared to EUR 46 million in 2009, with a goal of EUR134 million in 2015;

- The internationalisation of Estonian enterprises as reflected in the number of enterprises involved in exporting, which was 9,421, compared to 7,913 in 2008, already exceeding the target set of 8,700 for 2015;
- Innovation investment by companies⁶ amounted to 2.2% of turnover in 2008, nearing the 2.6% goal set for 2016. The share of revenue from sales of new products and services was 23.2% in 2008, close to the 25% target by 2016⁷;
- Private sector R&D investment, induced by the projects supported, stood at EUR 56.2 million, up from EUR 53.6 million in 2009 and exceeding the 2015 target of EUR 38.3 million⁸.

As regards R&D and higher education infrastructure only very limited qualitative information is provided. Clear progress is evident in improving the research and higher education study environment and in increasing the international competitiveness of Estonian R&D.

Progress in outputs, results and impacts of the intervention at end-2010 can be summarised by the following indicators:

- 278 R&D work places in new or upgraded facilities in R&D institutions (0 in 2009) with a target of 800 by 2015; the number of students using new or upgraded facilities at higher education institutions rose to 2,301 (0 in 2009), exceeding the 2015 target of 1,500;
- 5,766 square metres of new or upgraded facilities in R&D institutions (0 in 2009), though this is far below the 25,000 square metres planned by 2015; and 9,217 square metres of new or upgraded facilities in higher education institutions (0 in 2009) which is close to the target of 12,000 square metres by 2015;
- A number of centres of excellence co-financed by the ERDF have been established with the 2015 target of 7 centres being reached in 2009.

In 2010, under-performance in enterprise support and RTDI was apparent in two areas:

- Ensuring the competitive and sustainable development of the Estonian tourist industry: the increase in the export earnings of tourism of 11.2% exceeds the 8.6% in 2009 and is consistent with achieving the 55% increase expected by 2015⁹; the number of overnight visitors in accommodation was 4.7 million as against 4.1 million in 2009 but it has not grown as rapidly as expected (the target is 7.1 million by 2015). In addition, the hoped decline in seasonality (visitors in the summer months relative to the total for the year) to

⁶ Measured by the share of innovation investment (obtaining knowledge, machinery and equipment, intra-company R&D, contracted R&D) in turnover.

⁷ These data become available with a considerable delay, but they are important, nevertheless, as they reflect the progress in innovative activities of companies, one of the most important policy objectives (see Section 1).

⁸ For comparison, private sector expenditure in R&D (intra- and extramural combined) amounted to EUR 103 million in 2009 (Statistics Estonia 2011b).

⁹ Measured by growth of export revenues from EUR 0.97 billion (2005).

35% by 2015 did not occur; instead, seasonality declined only slightly to 38.6% from 38.9% in 2009¹⁰.

- The thematic R&D programmes are new, and developing the programmes has turned out to be a demanding task. With a target of six programmes by 2015, only one was completed in 2010 (none in 2009). Delays are caused by longer periods of preparation of R&D programmes than was initially planned.

The value-added per employee of companies receiving support (EUR 17,400¹¹) in 2009 is much lower than the 2015 target of EUR 32,000 and has been greatly affected by the global economic crisis. Achieving the target level by 2015 is unrealistic. Nevertheless, it should be recognised that the impact of the measures on increasing the international competitiveness of businesses and on exporting products with a higher added value will take time to become apparent.

It can be concluded that in the case of improving enterprise support and RTDI, the output and results of funding are generally in line with the targets and the objectives of the interventions. Some statistical information for 2010 is not yet available. There is, however, no indication of the regional effect of the measures.

In the case of **transport and communications**, two projects (one road and one port project) were completed in 2010¹² and, 19 of the 28 included in the Investment Plan (last amended on 18 November 2010) are being implemented. In total 14.6 kms of new roads were opened in 2010 and 117.3 kms of roads were reconstructed (compared with 7.1 kms of new and 39.1 kms of reconstructed in 2009). Any discussion of the effects is premature.

It is reported in the AIR that the targets for 2010 have been achieved or exceeded in respect of four indicators, five indicators are lagging behind, and information on two indicators is not yet available for 2010. It is expected that the targets set for 2015 will be achieved. Still, many of the indicators relate only to the number of projects.

There are two more general impact indicators for 2010. The number of passengers in regional ports and airports has grown rapidly to 215,000, not only more than the 206,000 achieved in 2009, but already above the 2015 target of 214,000. At the same time, the demand for public transport services has declined to 174 million (number of trips made using public transport) from 185 million in 2009, making achievement of the 2015 target of 273 million unrealistic¹³. The AIR states that there has been (1) a decline in the number of public transport users in urban areas (who make up 80% of the total number), while the central government lacks policy tools to intervene; and (2) the projects supported focus on improving regional not urban transport connections (pp. 91–92).

¹⁰ Tourism in Estonia is highly seasonal: shortages of accommodation may occur during summer, but average occupancy is low in the winter. Thus, it is important to measure the share of summer months (June–August) in all overnight stays.

¹¹ No data for 2010 is available yet.

¹² Reconstruction of Veerenni–Filtri connecting road in Tallinn and reconstruction of Laaksaare and Piirissaare ports. No evaluations are available on the impact of these projects.

¹³ Measured by the total number of passengers carried by public transport.

Analysis of the main outcomes for 2010 as regards the **environment and energy** based on the AIR for the OP for the Development of Living Environment (2011, pp. 63–96) shows contradictory results. Some sub-areas report considerable progress, for example,

- Preparedness for environmental emergencies has been improved. The length of polluted coastline it is possible to clean up within 48 hours has increased to 1.5 km, up a little from 1.2 km in 2009 and getting close to the 2015 target of 2 km. The number of large forest and ground fires that can be simultaneously localised has reached 3 hectares, exceeding the 2015 target of 2.5 hectares (2 hectares in 2009). The time needed for starting rescue work in poorly accessible areas is down to 250 minutes, an improvement from 300 minutes in 2009, but short of the 180 minutes targeted by 2015.
- Progress is noted in the maintenance of biological diversity (the status of none of the threatened species and habitat types has diminished), although reference details are too general to verify this (“report to the EC”).

However, compared to the overall budget for this broad policy area, the amount allocated to these interventions is relatively small. Progress in implementing the main measures by end-2010 was as follows:

- The ‘Development of water and waste management infrastructure’ has the largest budget (EUR 409 million). While there has been an increase in the number of properly functioning wastewater treatment plants, the result indicators reflect only limited progress—the additional number of people connected to sewage systems and public water supply was 10,000 (0 in 2009) still far below the targeted number of 55,000 by end-2015. The additional number of people supplied with adequate quality drinking water was 20,000 (0 in 2009) as against a final target by 2015 of 100,000.
- The number of localised or treated contaminated sites remained at 31 as in 2009, well below the target of 53 by 2015.
- The number of non-environmentally friendly industrial waste dumps that have been closed and/or cleaned up also remained the same as in 2009: 11 closed, 7 cleaned up.

Overall, the outcomes are in line with the targets and policy objectives set and are having the intended effects. However, there are significant delays in starting the projects, and therefore the achievement of the objectives and targets for 2010 has been impossible. The delays in this policy area have been caused by the difficulties of finding the necessary co-financing. Public procurements have been contested and the prices of public building contracts have fluctuated (see Section 2 above). In the case of the ‘Development of water and waste management infrastructure’, it is even stated that due to low absorption capacity it might be necessary to divert funds to other measures (AIR for the OP for the Development of Living Environment 2011, p. 71).

In the case of **territorial development**, the integral and balanced development of regions, indicators predominantly relate to output (9 of 12), making it almost impossible to assess results and impacts. The remaining three result indicators, moreover, could have been more

detailed: while two of them reflect the absolute number of individuals benefitting from the intervention, the scale of the benefits involved could be very different (e.g., in the intensity of infrastructure use), which is not captured. In addition, the indicator 'Number of companies which have benefited from the business and visitor infrastructure' is rather vague (compared, for example, with the impact on employment of those companies). In the AIR for the OP for the Development of Living Environment (2011), the main achievements (based on the existing indicators) for 2010 are as follows:

- In the sub-axis of 'Development of local public services', the number of local public-service infrastructure units which have been improved have more than doubled since end 2009 (31) to reach 77 but this is still far below the target for 2015 (225). 38 local facilities have diversified their use¹⁴, up from 14 in 2009 and close to the 50 planned for 2015. Some 112,155 people are reported to have benefited from this investment, considerably more than the 35,068 in 2009 and closer to the 2015 target of 120,000, but no details of the benefits are provided. Most of the investment was on education infrastructure.
- In the sub-axis of 'Strengthening of the competitiveness of regions', the main achievements reported are 20 business infrastructure facilities being created or improved, up from 14 in 2009 and progressing towards the target of 50. 145 companies are reported to have benefited from the business and visitor infrastructure, a marked improvement from the 72 in 2009, but less than half of the 300 required by 2015.
- In the third sub-axis of 'Development of urban regions', only a few projects have been completed, and the effects of intervention are not clear, though it is still expected that targets will be achieved by the end of the programming period.

In the development of education infrastructure, the main achievements in 2010 relate to the modernisation of vocational schools, 11 schools being supported: up from 5 in 2009, but more progress is needed to reach the target of 31 by 2015. The share of study equipment upgraded in vocational schools rose by just 1 percentage point to 17% in 2010 and far below the 90% target for 2015. The proportion of modern study places in such schools rose 3 percentage points, to 18%, less than half of the target of 42% by 2015.

Satisfactory progress is reported in improving the study environment of special educational needs (SEN) schools (through developing the relevant infrastructure and modernising facilities for students with special educational needs), though because of delays, only three projects had been completed at end-2010, as against a target of 9.

In the case of investment in health infrastructure, no projects were completed in 2010, the newly built/reconstructed space used for the provision of acute care services remained the same as in 2009 (29,807 square metres), which means that it needs to more than double by 2015. Both the preparation and implementation of infrastructure investment projects take

¹⁴ Measured by counting facilities having one or more additional functions after reconstruction (e.g. sports and leisure centres).

considerable time, but it is considered that the targets will be achieved by the end of the programming period.

Because of significant delays in starting projects, it has not been possible to achieve many objectives. The following problem areas are highlighted especially in the AIR for the OP for the Development of Living Environment (2011) as regards territorial development:

- Competition in public procurement among suppliers in terms of price has resulted in lower quality and delays in implementation.
- Procurement decisions are frequently taken to court by competitors, causing further delays in implementation.
- Some beneficiaries lack the competence needed to successfully carry out public procurements and manage the projects.
- Cuts in the State budget and in co-financing (EUR 29.5 million) have led to reductions and delays in the implementation of the 'Modernisation of vocational schools' projects.

Table A – Main indicators and achievements

Policy area	Main indicators	Outcomes and results (quantitative outcomes/comments)
Enterprise support and RTDI	Added value per employee of companies receiving support	EUR 17,400 (2009)/32,000 EUR (2015). Much lower than the target and has been greatly affected by the global economic crisis.
	Enterprises involved in exporting	9,421 enterprises (compared to 7,913 in 2008).
	Private sector investment in new technologies	EUR 80 million of private sector investment in new technologies (compared to EUR 46 million in 2009).
	R&D working places in new or upgraded facilities of R&D institutions	278 (2010)/800 (2015). Based on project applications 1,477 of R&D personnel will be working in new or upgraded facilities by 2015.
Transport and telecommunications	New or upgraded facilities in R&D and higher education institutions	5,766 square metres of new or upgraded facilities in R&D institutions (0 in 2009) and 9,217 square metres of new or upgraded facilities in higher education institutions (0 in 2009)
	New roads (re)constructed	14.6 kms of new roads were opened in 2010 and 117.3 kms of roads were reconstructed (compared with 7.1 kms of new and 39.1 kms of reconstructed in 2009)
	The number of trips made using public transport	174 million (2010)/ 273 million (2015). Achievement is not realistic. The demand for public transport services has declined.
	Growth of the number of passengers in regional ports	215,000 (2010)/214,000 (2015). The number of passengers in regional ports and airports has

Policy area	Main indicators	Outcomes and results (quantitative outcomes/comments)
	and airports	grown rapidly.
Environment and energy	Additional population connected to sewage systems and public water supply	10,000 people by end 2009 (target of 55,000 by 2015)
	Additional number of people supplied with adequate quality drinking water	20,000 (0 in 2009) as against a final target by 2015 of 100,000
Territorial development	The number of improved local public-service infrastructure units	77 (2010)/225 (2015). No further details are available on the results and impacts.
	The number of people who have benefited from the investments	112,155 (2010) / 120,000 (2015). No further details are on available on the nature and the actual impacts of the benefits.
	Modernisation of school infrastructure	11 vocational schools have been modernised and the study environment of three special educational needs schools have been improved.

Source: Author; based on the 2011 AIRs for the OP for the Development of Economic Environment and the OP for the Development of Living Environment.

It is not possible to assess the effects of the Estonia–Latvia Programme 2007–2013:

- The AIR (2011) mainly describes the operational side of the programme, and (qualitative) analysis of the achievements is very brief.
- The indicators used are not informative. The mid-term evaluation of the programme (2010) states that major methodological issues have been identified in relation to the definition and use of the Programme performance indicators. Most notably, the current indicators reflect programme operations, but they are not appropriate for identifying outcomes and the impact of the Programme (p. 33)¹⁵.
- Information is presented by axis and it is difficult to relate the different axes to policy areas.

3. EFFECTS OF INTERVENTION

The 2010 country report concluded (see Kalvet 2010, pp. 21–22):

- Assessing the wider effects of intervention on regional development in the light of economic developments in Estonia is somewhat difficult as the effects of many measures co-financed by the ERDF and Cohesion Fund will only become evident in the long run.

¹⁵ This has been also stated in the ex-ante evaluation of the Programme: "To be able to assess the impact of the programme, it is essential to develop a coherent system of indicators. Impact and result indicators with defined baseline and time-bound quantified targets should be defined and included in the Programming document" (Dealbaltica 2007).

- The challenges Estonia is facing are of a very profound nature, and so EU funding has been mainly planned (as reflected in the OPs) and used to strengthen the economic and social system generally (as opposed to being concerned about the regional dimension).
- Regionally balanced development in Estonia has remained unachievable and regional disparities have continued to widen.
- Considering the competitive advantages of different regions and the way the economic crisis has affected different regions, a further concentration of economic activities in Northern Estonia is likely to occur. While some evidence on projects supported by the ERDF and Cohesion Fund shows that the capacity of regions to sustain economic development and to improve the quality of life has been strengthened, the extent of the evidence available is limited.

As of September 2011, no additional evidence has become available on what has been the contribution so far of the projects supported to the development of regions receiving EU funding. A mid-term review of OPs also examines this issue, but the results will be available only at the end of 2011 (see Section 4 for details).

Experts interviewed, nevertheless, emphasised that even though no measurable effects of ERDF and Cohesion Funds interventions are evident, the considerable investment they have financed has been important in countering the recession and in helping to simulate recovery.

4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION

The importance of strategic planning in a holistic way and the inclusion of evaluations as part of the policy cycle has increased considerably with accession to the EU and with the explicit requirement that such activities need to be carried out. Since 2008, evaluations of the Structural Funds and the Cohesion Fund have been coordinated by the plan "*Programmiperioodi 2007–2013 struktuurivahendite hindamise korraldamise põhimõtted ja tööplaan*"¹⁶. The most updated version of the plan was approved in early 2011, and it foresees eight studies evaluating the effects of interventions co-financed by the ERDF and Cohesion Fund (Table B).

¹⁶ [Principles and Action Plan for Evaluation of the Use of Structural Funds for Programme Period 2007–2013].

Table B – Evaluation Plan Regarding the ERDF and Cohesion Fund, 2007–2013

Evaluation	Timing	Institution	Comment
Evaluation of the project selection criteria	2009 2 nd half – 2010 1 st half	Ministry of Finance	Completed
Regional evaluation of the investment projects	2010	Ministry of Finance	Has been initiated, first stage completed in 2011.
Mid-term evaluation: indicators, implementation system, results, impact	2011	Ministry of Finance	In progress
Evaluation of the NSRF	2012	Ministry of Finance	
Evaluation of the implementation of the R & D measures	2010–2011	Ministry of Education and Research	In progress
Impact evaluation of several environmental measures	2010–2012	Ministry of Environment	
Impact evaluation of entrepreneurship measures	2010–2011	Ministry of Economic Affairs and Communications	In progress
Evaluation of the development plan of the information society	2010–2011	Ministry of Economic Affairs and Communications	

Source: Author; based on interviews and data from the Ministry of Finance (2011).

Compared to the initial plan of 2008, some changes have taken place:

- It has been decided that some (foreseen initially as independent) studies (e.g., on indicators) are integrated into other, larger scale studies.
- More emphasis is paid on the contribution of the Structural Funds and the Cohesion Fund to regional development in Estonia. The Ministry of Finance has completed a mapping of the ERDF and Cohesion Policy funded projects from a regional development perspective, and the work will be continued in 2011 and 2012. Also, the impact on regional development in different counties in Estonia has been included as an element to be studied in detail in the on-going mid-term evaluation.
- Although evaluation of the information society measures was planned, the study commissioned in 2011 is actually a feasibility study on how green ICT can contribute to growth in Estonia. The study addresses the prevalent global trends in green ICT products, services, and policies from a medium- and long-term perspective, evaluation of general awareness and readiness in Estonia to apply and develop green ICT, and the evaluation of Estonian green ICT scientific research from a commercialisation perspective, including medium- and long-term perspectives.

As of October 2010, the following evaluations related to the ERDF and Cohesion Funds, have been carried out (see Kalvet 2010, pp. 22–26):

- Evaluation of the Operational Plans on the use of Structural Funds (2009).
- Evaluation of the selection criteria of Structural Funds (2010).
- Impact assessment of enterprise support measures by National Audit Office (2010).
- Evaluation of the Estonia–Latvia Programme 2007–2013 (2010).

The first two are the most important ones covering OPs at the national level.

No other studies have become publicly available as of beginning of September 2011, although several important evaluation works are in progress:

- Mid-term evaluation (forthcoming in October 2011) of R&D and innovation, and higher education measures on the national level. The study analyses the strategic management and programming of Structural Fund measures: the relevance, suitability, and sufficiency of the existing/planned measures for fulfilment of the objectives of strategies.
- Mid-term evaluation (forthcoming in December 2011) covering all OPs on the national level. It focuses on indicators, implementation system, results, and impact, as well as on regional impacts. It is the most important evaluation currently in progress.
- Impact evaluation of entrepreneurship measures (forthcoming in December 2011).

The evaluation activities are coordinated by the Ministry of Finance that has a small but capable evaluation unit. Evaluations themselves are generally carried out by external organisations — there are several consultancies and NGOs on the market that have specialized in evaluation and impact assessments. Quite often inclusion of high-level foreign experts is requested in the tender documents or requested by the evaluation teams on their own.

A departure from the common trend — to use external evaluations — is seen in the impact evaluation of entrepreneurship measures. The Ministry of Economic Affairs and Communications is carrying out the evaluation mainly internally, although using foreign consultants for the development and verification of the methodology. Several reasons stand behind this step. First, they want to strengthen internal competencies and to improve the existing monitoring mechanism that would enable monitoring and evaluation work to be carried out permanently and cost-efficiently in the future. Second, in several cases they have not been satisfied with the work carried out by external partners. Objectivity will be achieved through the involvement of a steering committee and using peer review. The study will be public once completed.

Various ministries have different interests and capacities regarding evaluation and its incorporation into policy-making, although recent developments reflect progress in this field. Furthermore, there are structural changes planned in the Ministry of Finance intended to strengthen the linkages between policy planning and evaluation.

Evidence shows that the evaluations undertaken have fed into policies. For example, the evaluation of all OPs was carried out in 2009 with the objective of evaluating the need for changes in support measures in the light of the global economic and financial crisis. The authors proposed several detailed changes in the OPs (e.g., reallocation of funds among different OPs), and these were implemented. Or, the evaluation of the (project) selection criteria was carried out to examine whether the criteria specified in the selection of projects to be supported from the Structural Funds and the Cohesion Fund correspond to the objectives set out in the strategic documents of the Structural Funds and the Cohesion Fund. Based on this criticism, the Ministries started to review and improve their mechanisms.

In general, interviewees confirmed that evidence-based policy planning where evaluations serve as important inputs is most visible in the Ministry of Economic Affairs and Communications. It has become a tradition that feasibility studies, along with mid-term and final evaluations, are carried out regularly (especially in the field of R&D and innovation) and serve as serious input into policy-making.

5. CONCLUDING REMARKS – FUTURE CHALLENGES

The country report on Achievements of Cohesion Policy from 2010 concluded with the following points, which remain valid in fall 2011 (see Kalvet 2010, pp. 26–27):

- There is a need for better coordination among various policy fields and for a governance model that brings decision-making to the regional (functional urban region) level;
- No evaluations have examined the regional dimension of interventions; the AIRs fall short in analysing results and impacts, both generally as well as regionally;
- Attention should be paid to the abilities of local governments to sustain the projects supported by the ERDF and Cohesion Fund;
- Estonia faces considerable challenges in meeting the objectives of the Estonian Regional Development Strategy 2005–2015.

The current report raises some additional issues:

- Serious attention needs to be paid to the slow progress in implementation of the environmental measures (where the recipients' abilities to guarantee self-financing and contesting of public procurements might lead to deviations from initial plans). Progress has been reported as 'satisfactory', but it is too optimistic.
- Challenges in the coming months and years are also related to measures enhancing the Estonian R&D system through support to various technological fields.
- The AIRs continue to be very indicator-driven and lack qualitative analysis and references to studies and evaluations. There is a continuous need for additional evaluations and studies in the fields of environment and in territorial development, as well as a need to include the recommendations of those studies into the policy cycle.
- The judgement of progress, based largely on indicators, is very simplistic. There are some indicators where target levels set have been low. For some indicators, the effect of the financial and economic crisis or other external factors has been considerable.

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TABLES

Table 1 – Regional disparities and trends

Table 2 – Macro-economic developments

Table 3 – Financial allocation by main policy area

Table 3 CBC – Financial allocation by main policy area

Table 4 – Commitments by main policy area (by end-2010)

Table 4 CBC – Commitments by main policy area (by end-2010)

Annex Table A – Employment rate by county, 2000–2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Estonia's average	54.7	55.2	55.9	56.7	56.8	57.9	61.6	62.6	63	57.4	55.2
Harju county	60.1	60.4	62	62.5	61.8	64.2	67.6	68.9	69.3	62.9	60.8
Ida-Viru county	48.8	49.7	49.2	47.6	48.2	50.9	56.7	56.9	54.3	50.5	46.2
Jõgeva county	44.4	44.1	44	44.7	45.6	44.5	50.8	54.2	53.1	48.3	47.9
Järva county	56.6	55.9	54.7	52.2	59.7	59.6	58.3	60.6	63.5	59.6	51.4
Lääne county	53.1	51.2	53.1	51.9	58.1	57.6	53.5	60.2	61.1	58.1	51.3
Lääne-Viru county	49.6	56.5	55.7	54.8	52.7	57.2	59.3	55.6	57.5	49.6	53.4
Põlva county	39.6	46.1	42.4	43.8	45.2	46.6	46.4	47.6	48	45.2	43
Pärnu county	53	51.5	54.5	57.9	55.4	53.2	56.5	61.3	63.5	58.3	53.4
Rapla county	50.3	55.4	53	55.8	57	56	62.5	63.7	64.8	57.9	56.8
Saare county	55.8	56.3	55.1	55.9	55.7	52.6	54.6	57.1	56.2	53.3	55.1
Tartu county	54.4	52.3	54.7	59.2	60	57.5	62.5	63.7	64.9	57.9	54.5
Valga county	51.4	50.6	50.4	53.8	52.2	51.5	56.7	54.6	54	49.7	53.4
Viljandi county	56.3	54.3	55.8	56.1	55.5	55.3	60.6	60.2	61.5	54.8	56.8
Võru county	44.7	47.3	44.9	43.4	47.7	51.1	54.2	48.9	48.9	51	49.7

Source: Statistics Estonia 2011b.

Annex Table B – Equalised yearly disposable income by county, 2003–2009

	2003	2004	2005	2006	2007	2008	2009
Estonia's average	79.7	79.1	80.8	80.1	83.3	80.8	82.8
Harju county	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Hiiu county	63.9	62.7	61.2	59.6	60.5	61.5	65.8
Ida-Viru county	57.4	58.2	58.4	55.9	62.8	60.3	63.5
Jõgeva county	55.0	56.0	57.8	65.3	73.5	68.7	67.2
Järva county	80.4	71.7	75.1	70.7	75.6	68.7	72.8
Lääne county	66.0	63.6	69.8	70.4	74.2	75.4	77.3
Lääne-Viru county	66.2	66.2	66.9	71.5	74.6	65.3	68.9
Põlva county	61.2	62.2	60.9	56.1	59.6	60.6	63.5
Pärnu county	75.0	72.6	72.4	71.9	75.9	68.7	74.1
Rapla county	67.0	68.1	69.5	71.8	81.7	78.5	82.5
Saare county	71.9	65.9	66.7	66.3	73.8	69.7	73.4
Tartu county	77.2	75.1	82.4	78.6	83.6	79.7	85.1
Valga county	62.9	58.9	65.8	64.7	66.2	65.7	63.2
Viljandi county	65.1	67.9	72.8	68.0	73.5	64.5	65.6
Võru county	60.9	57.5	63.0	61.4	64.5	64.7	64.9

Source: Statistics Estonia 2011b.

Annex Table C – Unemployment rate by county, 2000–2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Estonia's average	13.6	12.6	10.3	10	9.7	7.9	5.9	4.7	5.5	13.8	16.9
Harju county	11.5	11.6	8.6	9.6	9.6	7.5	4.3	3.3	4.4	12.9	16.2
Hiiu county	9.5	7.8	10.8	5.9	5.7	7.2	..	..	..	11.1	11.5
Ida-Viru county	21.1	18	18.9	18.2	17.9	16.2	12.1	9	10	18.1	25.8
Jõgeva county	16.9	20.5	16	15.8	13.7	16.9	13.1	6.5	7	20.1	19.8
Järva county	15.8	15.7	13.9	13.2	9.5	5.6	6.2	4.7	4.8	11.9	17.1
Lääne county	14.8	15.4	15.1	11.3	5.3	..	..	..	6.1	15.5	22.3
Lääne-Viru county	13.6	9	7.3	6.4	7.4	5.8	5.7	5.4	5.6	16.4	12.4
Põlva county	22.8	17.6	14.8	13.7	14.9	12.4	8.4	..	8.9	12	15.8
Pärnu county	11	10.6	7.7	7.5	6.3	5.9	..	3.9	4	10.6	14.2
Rapla county	16.3	9.4	9.7	5	6.7	..	..	5.1	6.9	15.5	19.8
Saare county	12	9.4	7.4	6.5	4.1	..	..	..	..	10.4	9.3
Tartu county	11.4	9.5	5.8	5.3	5	4.5	6	3.9	4.3	11.9	15.8
Valga county	12.7	13.9	7.5	7.9	11.1	..	8.6	9.1	8.5	17.8	13.3
Viljandi county	11.4	14.8	13.1	9.2	9.1	4.9	4.6	3.6	5.6	11.9	11.3
Võru county	15.8	10.1	8.2	10.4	7	..	..	5.1	6.7	16	14.8

Source: Statistics Estonia 2011b.

Annex Table D – Income tax revenues, 2007–2010 (EUR million)

	2007	2008	2009	2010	change 2008–2010
Tallinn	227.7	263.5	228.5	208.2	-21
Harju county	83.5	101.2	90.1	85.0	-16
Hiiu county	4.8	5.6	4.9	4.5	-19.4
Ida-Viru county	54.1	65.5	55.5	49.8	-24
Jõgeva county	12.3	14.4	12.1	11.2	-22
Järva county	15.5	17.8	14.7	13.2	-25.6
Lääne county	12.0	13.8	11.5	10.8	-21.2
Lääne-Viru county	26.5	30.6	26.3	24.3	-20.5
Põlva county	10.5	12.6	10.8	10.1	-19.8
Pärnu county	36.4	41.9	35.2	32.8	-21.8
Rapla county	16.2	19.2	16.5	14.9	-22.2
Saare county	15.3	18.0	15.4	14.9	-17.4
Tartu county	69.3	79.0	69.1	64.4	-18.6
Valga county	11.1	12.8	11.1	10.3	-19.3
Viljandi county	20.4	23.6	19.9	18.3	-22.7
Võru county	12.5	14.6	12.7	11.9	-18.6
Total	628.0	734.2	634.1	584.7	-20.4

Source: Ministry of Finance 2011b.

Annex Table E – Financial allocations, commitments and expenditures by priority axes, 2007–31 August, 2011

Priority code	Allocations, 2007–2013	Commitments, 2007– 31 August 2011		Certified eligible expenditure, 2007 – 31 August 2011	
	EU contribution (EUR million)	EU contribution (EUR million)	%	EU contribution (EUR million)	%
OP for the Development of Economic Environment					
Priority axis 1: Innovation and growth capacities of enterprises	424.3	372.5	87.8	222.9	52.5
Priority axis 2: Enhancing the competitive ability of Estonian R&D through research programmes and modernisation of higher education and research institutions	310.2	203.0	65.4	71.8	23.1
Priority axis 3: Transport investments of strategic importance	525.4	419.0	79.8	148.6	28.3
Priority axis 4: Development of regional transport infrastructure	110.5	110.4	99.9	67.0	60.7
Priority axis 5: Promotion of information society	62.6	50.2	80.1	35.4	56.5
OP for the Development of Living Environment					
Priority axis 1: Development of waste and waste management infrastructure	626.3	487.1	77.8	77.4	12.4
Priority axis 2: Development of infrastructure and support systems for sustainable use of the environment	92.0	78.7	85.5	23.7	25.7
Priority axis 3: Development of energy sector	28.8	27.8	96.6	20.8	72.3
Priority axes 4: Integral and balanced development of regions	388.6	273.0	70.3	166.7	42.9
Priority axes 5: Development of education infrastructure	212.8	197.1	92.7	99.2	46.6
Priority axes 6: development of health and welfare infrastructure	169.1	166.5	98.4	49.0	29.0

Source: Ministry of Finance 2011.

Annex Table F – Financial allocation and commitments (by end–2010), Estonia–Latvia Programme

Cross-border cooperation	Allocations (EUR million)	Commitments (EUR million)	%
1. Enterprise environment	11.9	4.2	35.3
1.1 RTDI and linked activities	1.5		
1.2 Support for innovation in SMEs	5.3	3.4	64.3
1.3 Other investment in firms	1.8		
1.4 ICT and related services	3.4	0.8	23.9
2. Human resources	6.5	1.6	24.6
2.1 Education and training	2.1	1.2	54.7
2.2 Labour market policies	4.4	0.4	9.8
3. Transport	5.9	4.1	69.7
3.1 Road	1.7	2.7	161.2
3.2 Rail			
3.3 Other	4.2	1.4	32.7
4. Environment and energy	3.2	8.1	249.8
4.1 Energy infrastructure	1.2	1.5	121.6
4.2 Environmental infrastructure	2.0	6.6	329.9
5. Territorial development	7.6	6.2	81.8
5.1 Tourism and culture	4.3	4.1	96.1
5.2 Planning and rehabilitation			
5.3 Social infrastructure	3.3	2.1	63.3
5.4 Other			
6. Technical assistance	3.1		
Total Objective	38.2	24.2	

Source: DG Regio 2011.

Annex Table G – Financial status of the implementation of Structural Funds, 2007–2010

	AIR 2010					Last adopted OPs	Certified eligible expenditure 2010		
Fund	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public Contribution	Private Expenditure	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission	Total funding of the OP (Union and national)	Total amount of certified eligible expenditure paid by beneficiaries	Corresponding public contribution	Implementation rate
CF	171.8	171.7	0.1	171.8	127.6	1,355.0	150.1	150.1	11.1
ERDF	827.5	736.8	90.7	835.9	597.1	2,292.0	779.4	697.0	34.0
ESF	138.7	129.8	8.9	129.8	103.0	461.8	124.3	115.9	26.9
	1,138.1	1,038.3	99.7	1,137.6	827.7	4,108.8	1,053.7	963.0	25.6

Source: DG Regio 2011.

Annex Table H – Financial Status of the implementation of Structural Funds by OP and Priority Code, 2007–2010

Priority Code	Fund	AIR 2010					Certified eligible expenditure 2010					Implementation rate (2009)	Change 2009–2010 (%)
		Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public Contribution (EUR million)	Private Expenditure (EUR million)	Expenditure paid by the body responsible for making payments to the beneficiaries (EUR million)	Total payments received from the Commission (EUR million)	Total funding of the OP (Union and national) (EUR million)	Total amount of certified eligible expenditure paid by beneficiaries (EUR million)	Corresponding public contribution (EUR million)	In public cost	Implementation rate (%)		
Operational Programme for the Development of Economic Environment													
1	ERDF	316.6	234.1	82.5	322.0	204.2	616.2	307.9	232.8	N	50.0	23.3	26.6
2	ERDF	70.2	70.2	0.0	70.2	52.2	365.0	64.5	64.5	N	17.7	13.7	4.0
3	CF	126.6	126.5	0.1	126.6	99.0	618.1	116.5	116.5	N	18.8	7.2	11.6
4	ERDF	61.2	61.2	0.0	61.2	47.0	110.5	57.9	57.9	N	52.4	24.0	28.4
5	ERDF	25.8	25.3	0.5	25.8	19.5	62.6	22.6	22.1	N	36.0	9.8	26.2
6	ERDF	9.9	9.9	0.0	9.9	7.4	33.6	9.5	9.5	N	28.3	16.5	11.8
7	ERDF	0.1	0.1	0.0	0.1	0.1	1.4	0.1	0.1	N	4.3	1.6	2.7
							1,807.5	579.0			32.0	14.8	17.2
Operational Programme for the Development of Living Environment													
1	CF	45.3	45.2	0.0	45.3	28.5	736.9	33.6	33.6	N	4.6	0.5	4.1
2	ERDF	19.5	19.5	0.0	19.5	16.3	101.8	18.0	18.0	N	17.7	6.7	11.0
3	ERDF	23.0	21.5	1.5	26.0	13.3	72.9	22.1	20.7	N	30.3	12.6	17.7
4	ERDF	163.0	157.4	5.6	163.0	126.2	457.2	148.4	143.4	N	32.5	13.9	18.6
5	ERDF	60.4	60.3	0.1	60.4	51.7	214.0	52.0	51.9	N	24.3	7.7	16.6
6	ERDF	67.7	67.2	0.5	67.7	51.2	220.6	66.8	66.4	N	30.3	20.1	10.1
7	ERDF	9.9	9.9	0.0	9.9	8.1	33.6	9.5	9.5	N	28.3	16.5	11.8
8	ERDF	0.1	0.1	0.0	0.1	0.1	2.8	0.1	0.1	N	4.0	2.3	1.7
							1,839.5	350.5			19.1	8.3	10.8

Source: Author based on DG Regio 2011 and DG Regio 2010.

Annex Table I – Financial allocation and commitments (by end-2010)

	Allocations ERDF and Cohesion Fund	Commitments ERDF and Cohesion Fund	%
Convergence objective	EUR million		
1. Enterprise environment	780.3	527.9	67.7
1.1 RTDI and linked activities	415.6	229.8	55.3
1.2 Support for innovation in SMEs	204.0	84.3	41.3
1.3 Other investment in firms	85.8	164.6	191.8
1.4 ICT and related services	74.8	49.2	65.7
3. Transport	691.8	528.3	76.4
3.1 Road	290.4	232.0	79.9
3.2 Rail	185.3	146.2	78.9
3.3 Other	216.1	150.1	69.5
4. Environment and energy	772.0	556.3	72.1
4.1 Energy infrastructure	28.8	27.9	96.9
4.2 Environmental infrastructure	743.3	528.5	71.1
5. Territorial development	706.5	578.8	81.9
5.1 Tourism and culture	173.5	119.8	69.1
5.2 Planning and rehabilitation	15.2	1.0	6.6
5.3 Social infrastructure	517.9	458.0	88.4
5.4 Other			
6. Technical assistance	61.3	13.6	22.2
Total Objective	3011.9	2205.0	73.2

Source: DG Regio 2011.

Annex Table J – Financial allocation and commitments (by end–2010), Estonia–Latvia Programme

	Total funding of the operational programme (Union and national) (EUR million)	Basis for calculating Union contribution (Total cost) (EUR million)	Total amount of certified eligible expenditure paid by beneficiaries[1] (EUR million)	Corresponding public contribution[1] (EUR million)	Implementation rate in %
	a	b	c	d	e=c/a
Priority Axis 1 Increased cohesion of the Programme area	22.0	22.0	0.8	0.8	3.6
Priority Axis 2 Higher competitiveness of the Programme area	18.5	18.5	4.2	4.1	22.5
Priority Axis 3 Active, sustainable and integrated communities	4.2	4.2	1.2	1.2	29.1
Priority Axis 4	6.4	6.4	1.0	1.0	14.9
Grand total	51.1	51.1	7.1	7.1	14.0
1[1] Figures expressed in cumulative terms					

NB! The figures in the table also include the amounts paid by the Certifying Authority as of 31. December 2010 but certified to the European Commission in January 2011.

Source: AIR for the OP for the Estonia – Latvia Programme 2007–2013 (2011), p. 16.

Annex Table K – Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)

Policy area		Code	Priority themes	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
		Other investment in firms	08	Other investment in firms
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
63			Design and dissemination of innovative and more productive ways of organising work	
64			Development of special services for employment, training and support in connection with restructuring of sectors ...	
72			Design, introduction and implementing of reforms in education and training systems ...	
73			Measures to increase participation in education and training throughout the life-cycle ...	
Labour market policies		65	Modernisation and strengthening labour market institutions	
		66	Implementing active and preventive measures on the labour market	
		67	Measures encouraging active ageing and prolonging working lives	
		68	Support for self-employment and business start-up	
2. Human resources (Cont.)		Labour market policies (Cont.)	69	Measures to improve access to employment and increase sustainable participation and progress of women ...
	70		Specific action to increase migrants' participation in employment ...	
	71		Pathways to integration and re-entry into employment for disadvantaged people ...	
	80		Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	

Policy area		Code	Priority themes	
3. Transport	Rail	16	Railways	
		17	Railways (TEN-T)	
		18	Mobile rail assets	
		19	Mobile rail assets (TEN-T)	
	Road	20	Motorways	
		21	Motorways (TEN-T)	
		22	National roads	
		23	Regional/local roads	
	Other transport	24	Cycle tracks	
		25	Urban transport	
		26	Multimodal transport	
		27	Multimodal transport (TEN-T)	
		28	Intelligent transport systems	
		29	Airports	
		30	Ports	
31		Inland waterways (regional and local)		
32		Inland waterways (TEN-T)		
4. Environment and energy	Energy infrastructure	33	Electricity	
		34	Electricity (TEN-E)	
		35	Natural gas	
		36	Natural gas (TEN-E)	
		37	Petroleum products	
		38	Petroleum products (TEN-E)	
		39	Renewable energy: wind	
		40	Renewable energy: solar	
		41	Renewable energy: biomass	
		42	Renewable energy: hydroelectric, geothermal and other	
		43	Energy efficiency, co-generation, energy management	
		Environment and risk prevention	44	Management of household and industrial waste
			45	Management and distribution of water (drink water)
	46		Water treatment (waste water)	
	47		Air quality	
	48		Integrated prevention and pollution control	
	49		Mitigation and adaption to climate change	
	50		Rehabilitation of industrial sites and contaminated land	
	51	Promotion of biodiversity and nature protection (including Natura 2000)		
	52	Promotion of clean urban transport		
53	Risk prevention (...)			
54	Other measures to preserve the environment and prevent risks			
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including	

Policy area		Code	Priority themes
			broadband networks)
		75	Education infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
	Tourism and culture	79	Other social infrastructure
		55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
	Planning and rehabilitation	60	Other assistance to improve cultural services
	Other	61	Integrated projects for urban and rural regeneration
		82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance	84	Support to compensate additional costs due to climate conditions and relief difficulties	
	81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...	
	85	Preparation, implementation, monitoring and inspection	
	86	Evaluation and studies; information and communication	