

Rural Development Programme (RDP) of Estonia

Maaelu Arengukava 2007-2013 – version 11/12/2009¹
(Rural Development Programme 2007-2013: for a long term sustainable rural development)

Relevant Contact Details

Address: Lai 39/41, 15056, Tallinn, Estonia

Telephone number: 00 372 625 6101

Managing Authority Website:

<http://www.agri.ee/>

Other useful links:

Rural Development Programme (RDP):

<http://www.agri.ee/>

National Strategy Plan (NSP):

not available

Estonian National Rural Network:

http://www.maainfo.ee/?lang=et&page_id=2721



Map of Estonia
(© European Commission)

General socio-economic situation in rural areas in Estonia

Estonia has a total population of 1.344.684 and a total area of 45,227 km², including 43,200 km² of land area, making it one of the smallest countries in Europe either in area or in population, therefore giving it one of the lowest population densities (31.2 p/km²) within the EU. It is located between the 57th and 60th latitudes and the 22nd and 28th longitudes, bordering Latvia and the Russian Federation by land and Finland and Sweden by sea. More than half of it is covered by forests, one third by agricultural land, and one fifth by mires and bogs. There are approximately 23,000 farms in Estonia, but only some 7,000 are entered in the FADN database as professional, commercial farms. There is a big variation in farm size: just 1% of farms represents 28% of production and occupies 19% of the agricultural land. The whole territory of Estonia has been classified under the "Convergence" objective which means that all NUTS II administrative units have their Gross National Product (GNP) below 75% of the EU average. In 2005, Estonian Gross Domestic Product (GDP) was 59.8% of the EU-25 average.

In 2008, the share of value added of food industry was 2.2%. Low emphasis on products of higher value added and quality and low specialisation/efficiency are still problems. However, Estonia is one of the four European countries, where the share of the forestry sector in the GDP is more than 10% (after Finland, Sweden and Slovenia). The wood sector makes up one fourth of the turnover of industry, one fifth of export and one third of investments.

The average annual rate of rural population decline was -10.5 per 1000 (‰) compared to -2.1‰ in urban areas. In Estonian rural areas, the employment rate is lower than in cities, yet the number

¹ Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds available.

of jobs has also decreased. Nevertheless, the unemployment rate is moderate (7.0%) in rural areas. According to the European Economic Recovery Package (EERP), the whole Estonian territory can be regarded as a rural area. Therefore, the Estonian Rural Development Plan (RDP) will mainly focus on the needs for improving quality of life in rural areas and to improve and diversify the economy and job opportunities in rural areas.

Rural and employment weaknesses include negative perception of rural life, small number of consumers of goods and services, limited logistics opportunities and an outflow of services from rural areas, obsolete machinery or depreciated land improvement systems, and shortage of non-agricultural jobs that leads to a lower population concentration in rural areas. In terms of economy and land use, there is insufficient economic capability of agricultural producers to make additional environmental investments, weak adaptability of small agricultural producers and a lack of business promotion plans, incomplete production chain in the case of organic and niche products, a lack of national quality schemes, weak marketing and small spending in innovation, low specialisation within the processing industry, limitations of the local market, dependence on foreign markets, insufficient information for private forest stewardship, decrease in the awareness of forestry, deterioration of forestry infrastructure, low profitability of forestry, high cost of risk management, low level of organisation, big share of acid soils and growing share of lands left out of direct agricultural use. On the other hand, rural strengths in Estonia (which are intended to be supported through the RDP) include the diverse landscape and related rich cultural heritage, natural conditions suitable for livestock farming and long traditions in these activities, existence of concentrated bigger units of agricultural produce processors where the primary investments necessary for the assurance of conformity regarding production trends have been made, well organised third sector, favourable conditions and resources for the development of environmentally friendly and sustainable agriculture (including organic farming), natural landscapes and semi-natural grasslands ensuring biological diversity and the existence of relevant service enterprises for the sustainable management and development of the vast forestry sector in the country.

RDP strategic objectives

In accordance with the National Strategy Plan, the overall objectives of the Estonian RDP are to increase competitiveness in the agricultural and forestry sectors; promote diversification of the rural economy and quality of life in rural areas; promote the sustainable use of the countryside; and environmental conservation. In particular, these objectives favour new interventions that improve processing and marketing in the milk sector, and the establishment of broadband infrastructure in rural areas.

As a result of the European Economic Recovery Plan, the Estonian National Strategy Plan (as updated in parallel to the 2009 RDP proposed modification) foresees three areas where Estonia will use the provided possibilities: improved broadband internet connections, restructuring of the milk sector and biodiversity. The amendment concerning the adaptation of the dairy sector stems from the abolishment of the milk quotas in 2015 and structural problems in the sector (i.e. the milk producers do not cooperate sufficiently to be able to influence the price of raw milk and the production marketing is weak). In addition, the development of broadband internet connections has been added to the list of measures to overcome some of the problems stemming from the scarcity

² A full list of RDP measures can be found in Annex I.

³ Please note that for measures 111, 112, 113, 115, 124, 126, 132, 133, 141, 142 and 143, no private spending has been allocated.

⁴ For axis 2 no private spending has been allocated.

⁵ For measure 311, 313, 321, 323, 331 and 341 no private spending has been allocated.

⁶ For axis 4 no private spending has been allocated.

of rural population. The revised RDP support to broadband measures is justified upon the basis that Estonia is showing good performances at this level, and specific needs related to connection speeds. The main problem that the challenge of biodiversity (by promoting organic farming) faces is the weakness of the production-processing chain, resulting in the mixing of the organic produce with ordinary products and lack of organic products on the market.

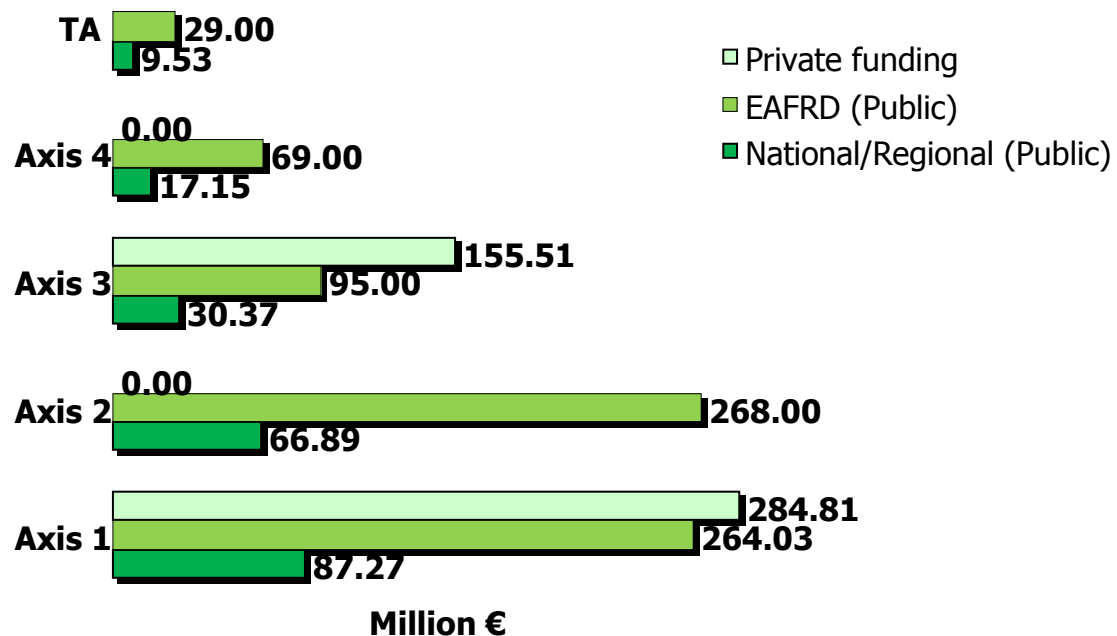
Taking into account the additional financing provided by the CAP Health Check and the European Recovery Package for Estonia, greater strategic priority will also now be given to initiatives that contribute to the development of broadband internet connections in rural areas (63%), and restructuring of the dairy sector and biodiversity (by promoting organic farming). These last two new challenges jointly take up the remaining 37% of the additional funds.

Expected impact / outcomes of the policies

Expected results and impacts of the Estonian RDP include 5 associations introducing new products or technologies in support of the adaptation of milk sector and organic farming; an increase in Gross Value Added (GVA) per annual work unit by 10%; an increase of the value added expressed in purchasing power standard to 60% of the EU-25 average; an increase of the permanent internet connection (15 000 households) and better access to services (60 000 persons) in the rural area; creation of 100 new employment opportunities related to the impact of investment into the broadband infrastructure and a 10% yearly increase of net value added from this same measure.

Specific modifications to impact indicators have been made to take account of the alterations to the RDP, as a result of the CAP Health Check and the European Recovery Package to be targeted at the adaptation of milk sector and organic farming to new challenges and increase of the coverage of the Estonian broadband network. Modifications to overall RDP impact targets include definition of scope of responsibilities between the Ministry of Economic Affairs (i.e. broadband network), Ministry of Agriculture (i.e. settlements located in sparsely settled regions) and Ministry of the Interior (i.e. elimination of regional differences in broadband accessibility). Detailed information on impact indicators for individual measures is provided in the RDP indicator tables.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €1,375,261,859



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 46% of the overall RDP budget in Estonia is allocated to axis 1 (€636.11 million); approximately 24% is allocated to axis 2 (€ 334.46 million), 20% to axis 3 (€ 280.81 million) and 6.2% to axis 4 (€ 85.76 million), with 2.8% available to fund Technical Assistance (€ 38.12 million).

Within axis 1, National/Regional public funding represents approximately 14% share of the axis funding; EAFRD 41%; and private funds 45%.

Within axis 2, National/Regional public funding represents 20% share of the axis funding; EAFRD 80%; and private funds 0%.

Within axis 3, National/Regional public funding represents approximately 11% share of the axis funding; EAFRD 34% and private funds 55%.

Within axis 4, National/Regional public funding represents 20% share of the axis funding; EAFRD 80%; and private funds 0%.

Within technical assistance, National/Regional public funding represents 25% share of the technical assistance funding and EAFRD 75%.

As a consequence of the 2009 RDP amendments, Estonia has been additionally assigned a total of €10,086,666 (including €9,078,000 EAFRD and a further €1,008,666 national/regional public funds) to support new measures intended at adding value to agricultural and forestry products (measure

123) and support basic services to the economy and population (measure 321). These funds are intended to promote new actions in Estonia to foster cooperation among agricultural producers and establishment of modern transmission connections for next-generation access networks enabling broadband internet access to rural areas where connection networks are not sufficient for high-speed broadband services.

Axis Information²

Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector

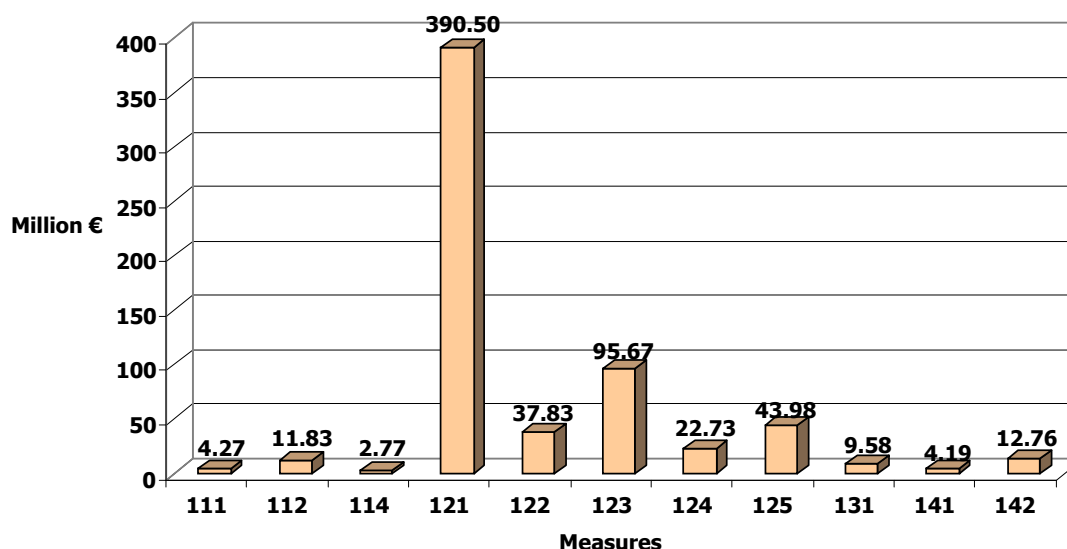
The table below provides an indication of the RDP's axis 1 priorities.

Strategic objectives	Specific objectives
Improve the competitiveness of the agricultural and forestry sectors	<ul style="list-style-type: none"> - Training and information activities; - Setting up of young farmers; - Advisory system and services; - Modernization of agricultural holdings; - Improving the economic value of forests and adding value to forestry products; - Adding value to agricultural products and non-wood forestry products; - Development of new products, processes and technologies in the sectors of agriculture, food and forestry.

Result targets include: number of groups supported (5) and total investments (€7.25 million).

Specific modifications to results indicators have been made to take account of the amendments to the RDP as a result of the Health Check/European Economic Recovery Package, including: increases in the competitiveness of the milk sector and organic farming and establishment of more producer groups. For further information on specific results indicators please refer to the impact indicators table in the RDP programme.

Axis 1 indicative budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €636,110,827³



Following the 2009 RDP update, the total budget amount for axis 1 is €636,110,827 including an additional €3,695,754 (€3,326,179 EAFRD + €369,575 national/regional public funds) that is targeted at supporting profit yielding associations of milk producers or organic farmers (measures 121 and 123) by investing in machinery, equipment, technology, production buildings and warehouses of processing milk and organic products.

Axis 2 objectives: Improving the environment and the countryside

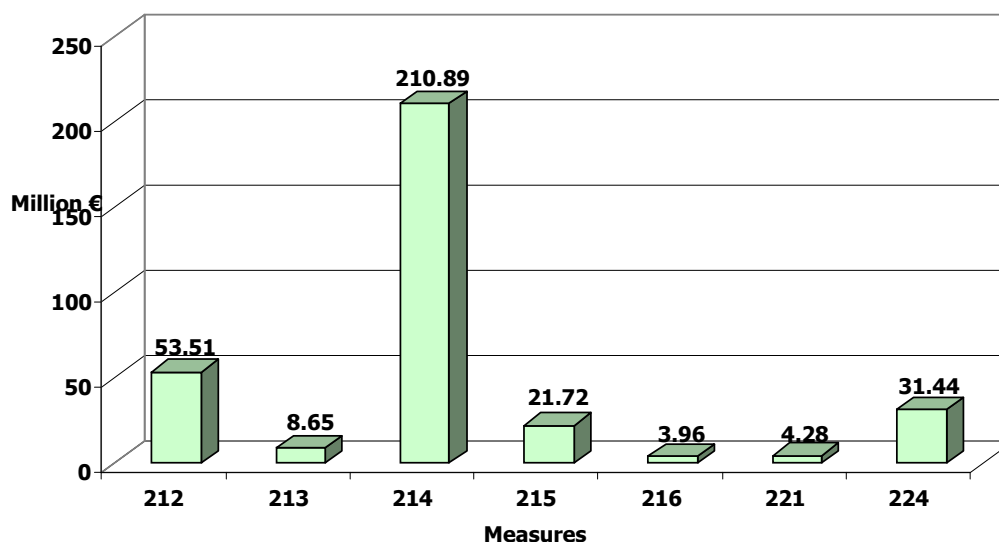
This table below provides an indication of the RDP's axis 2 priorities.

Strategic objectives	Specific objectives
Protection of land use in regions where it is important for the formation of traditional landscapes	<ul style="list-style-type: none"> - Protection of the environment and biodiversity of Natura 2000 sites; - Value the environment and landscape through agricultural and forestry practices; - Maintain the biological diversity and traditional landscapes.
Ensure the stability of environment	<ul style="list-style-type: none"> - Protect and build on forest potential; - Assure the quality of water; - Alleviate/mitigate the effects of climate change; - Increase the availability of biomass.

Output indicators linked to Health check/European Recovery Package for measure 214 include 7500 supported holdings (1800 for organic farming and 1000 for maintenance of genetic resources); 545,000 ha supported (100,000 ha organic farming; 10,000 ha of maintenance of genetic resources; 35,000 ha of maintenance of semi-natural habitats) and from €0.9 million to €192.3 million financing, depending on the sub-measures. Measure 212 includes targets of 9000 applicants and 350,000 ha by the end of 2013 and measure 224 support is applied to forest areas

of at least 0,3 ha with payments of €60/ha in limited management zones and special conservation areas and €110/ha in special management zones. Target levels include 5000 beneficiaries and 61,300 ha supported (51,292 ha of limited management zones and special conservation areas; 10,008 ha of special management zones).

Axis 2 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €334,460,343⁴



Following the 2009 update of the RDP in Estonia the total budget allocation under axis 2 is €334,460,343. There are no modifications in relation to additional funds in axis 2 following the RDP update.

Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy

The table below provides an indication of the RDP's axis 3 priorities.

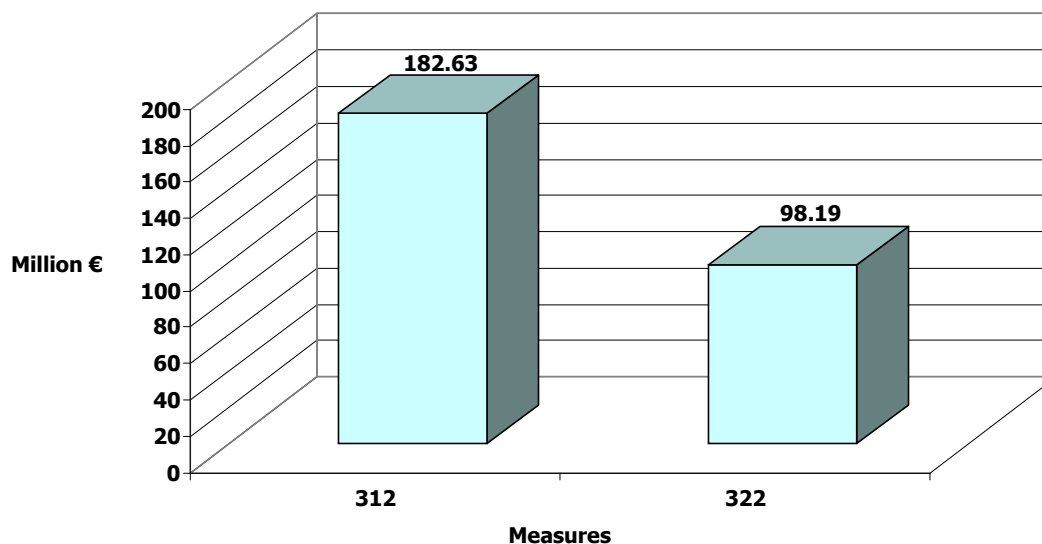
Strategic objectives	Specific objectives
Improve general conditions in rural areas for inhabitants and enterprises	- Conservation of rural areas to boost tourism tourism; - Improvement in the supply of services.
Maintain and create employment opportunities and income in rural areas	- Diversification of the rural economy; - Development and restoration of villages.

Result targets include: 500 projects, 100 rural tourism actions, 10–15% annual increase in non-agricultural gross value added, 10% more tourists, and 250 jobs created (for measure 312) and 2500 actions, 3000 villages, 350 cultural heritage projects, 600 dismantled buildings and 300,000 beneficiaries of the improved services (for measure 322).

Output indicators linked to Health check/European Recovery Package for establishment of broadband include 30 activities and a total investment of €7.35 million. Maximum support for village restoration and development (measure 322) is €60,000/year and €300,000/period; 90 % for a non-profit association (in rural municipalities bordering Tallinn up to 70 %); up to 65 % for an

entrepreneur (55% in Harju county). The targets have been amended to 2500 actions, 3000 villages, 350 cultural heritage projects, 600 dismantled buildings and 300,000 beneficiaries of the improved services.

Axis 3 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €280,816,487⁵



Following the 2009 RDP revision, the new total budget allocation for axis 3 is €280,816,487 including additional funds of €6,390,912 (€5,751,821 EAFRD + €639,091 regional/national public funds) which will range from investments in non-profit associations/foundations to broadband Internet infrastructures to settlements (the private sector is not capable of investing due to its unprofitability), (re)construction or equipment of buildings for public use related to common activities of village residents, village culture, or the environmental values, strengthen local initiative, social relationships and will to co-operate, and the creation of new/better jobs.

Axis 4 objectives: Leader

The main priority under axis 4 is support for local development strategies that promote quality of life actions and diversification of rural activities (measure 413) which accounts for 72% of the total axis budget allocation. Other support is targeted at the implementation of competitiveness actions, improvement of local initiative and implementation cooperation projects. Result targets include value added targets linked to increases in competitiveness; strengthening of the local community; strategic local planning (natural/cultural heritage, community activities, tourism); improvements in landscape management and target numbers of innovative projects.

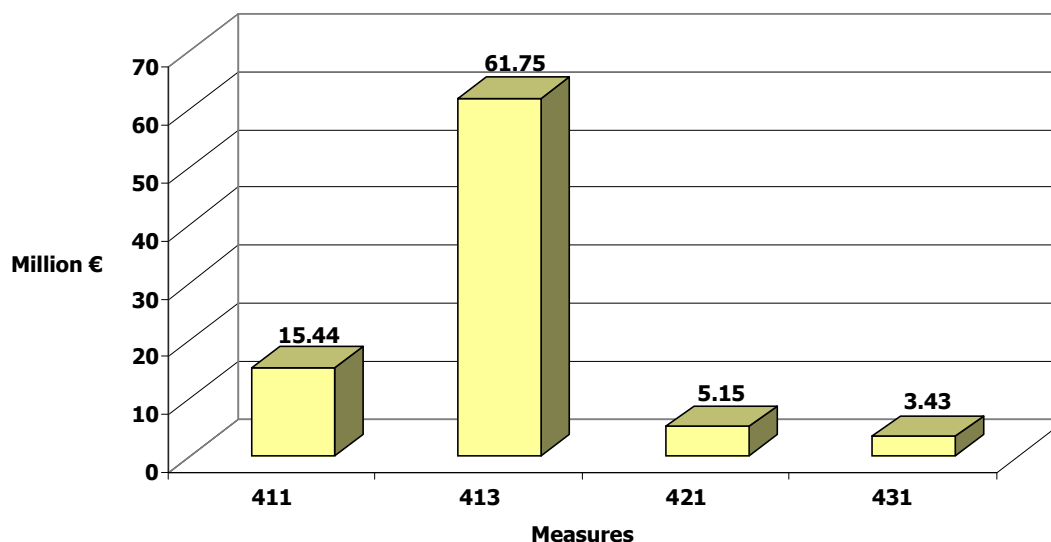
Strategic objectives	Specific objectives
Strengthen the participation of local communities in defining rural development policies	- Improve local participation in defining policies; - Promote local initiative (i.e. innovation and entrepreneurship), strengthen communities (i.e. cultural and business oriented) through the development of LAGs and their strategies.
Value endogenous resources in rural areas	- Reduce rural isolation; - Encourage innovative approaches creating value

	added and through this, develop local services promoting quality of life in rural areas.
Improvement of quality of life and diversification of economic activities, through the promotion of endogenous development potential of rural areas	<ul style="list-style-type: none"> - Promote new forms of cooperation (including economical) contributing to the creation of new jobs - Implement sustainable strategies related to local specificities, including natural and cultural heritage promoting the development of community activities, job creation, local identity, use of potential of domestic and foreign tourism, and reinforcement of originality and traditions.

Number of LAGs operational in the RDP areas as of March 2010 was 26.

There are no modifications in relation to axis 4 following the RDP update.

Axis 4 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €85,759,062²



Monitoring and evaluation strategy

Monitoring and evaluation of the Estonian RDP are based on the requirements provided in Articles 77–87 of Council Regulation (EC) No 1698/2005 and is conducted on the basis of the common baseline, input, output, result and impact indicators, described in the Estonian RDP document. The general monitoring and reporting system has a structure based on the indicators mentioned in the Strategy and the RDP. The reports submitted by the Agricultural Registers and Information Board (ARIB) and other relevant institutions are the basis for the Estonian RDP annual monitoring report prepared by the Management Authority. This system has established an ongoing evaluation system, whose objective is to examine the progress of the development plan and its objectives, using result and impact indicators, if necessary, to improve the quality of development plans and their implementation, to review the substantive motions to amend the development plan and to prepare

for the mid-term and ex post evaluations. From 2008, the Ministry of Agriculture has informed the Monitoring Committee each year about the ongoing evaluation activities, and the summary is appended to the annual monitoring report. In 2010, ongoing evaluation was replaced by a separate mid-term evaluation, which will be conducted by 31 December 2010 at the latest. The objective of mid-term evaluation is to make proposals for the improvement of the quality of the development plan and of its implementation. In 2015, ongoing evaluation will turn into a separate ex post evaluation, which will be conducted by 31 December 2015 at the latest. In the course of ex post evaluation, the effect of the development plan, the use of resources and the efficiency and performance of rural development support payments will be evaluated and the conclusions of the implementation of the rural development policy, including the contribution to the implementation of the EU Common Agricultural Policy (CAP), will be drawn.

Communication and publicity

The overall objective of the ERDP communication policy is to make the EU agricultural and rural development supports known to the public in general, and to provide the target groups with an objective and comprehensive overview of the objectives of the development plan and of its support principles. The communication plan aims to target: the general public (indirect beneficiaries), applicants and recipients (potential beneficiaries), support structures and press. Within potential beneficiaries target groups include entrepreneurs, non-profit associations, foundations and unions, local action groups and other economic social partners. Also within support structures, potential target groups include county advisory centres and information dissemination centres, national rural networks, county governments and rural municipality governments, representation of the European Commission in Estonia, "Europe Direct" information points in Estonia and agricultural and other advisers. Finally, information actions make use of the following tools: website (www.agri.ee/mak); information activities through media information seminars; printed information materials; annual reports; seminars and informative events; co-operation; logo for the support for agriculture and rural life; implementation; reporting and assessment.

Annex I - Measures

Measures selected by the RDP Measures selected by the updated RDP

Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111	Vocational training and information actions
		112	Setting up of young farmers
		113	Early retirement
		114	Use of advisory services
		115	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121	Modernisation of agricultural holdings
		122	Improvement of the economic value of forests
		123	Adding value to agricultural and forestry products
		124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125	Infrastructure related to the development and adaptation of agriculture and forestry
		126	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	131	Meeting standards based on Community legislation
		132	Participation of farmers in food quality schemes
		133	Information and promotion activities
	<i>Transitional measures</i>	141	Semi-subsistence farming
		142	Producer groups
143		Providing farm advisory and extension services	
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	211	Natural handicap payments to farmers in mountain areas
		212	Payments to farmers in areas with handicaps, other than mountain areas
		213	Natura 2000 payments and payments linked to Directive 2000/60/EC
		214	Agri-environment payments
		215	Animal welfare payments
		216	Non-productive investments
	<i>Sustainable use of forestry land</i>	221	First afforestation of agricultural land – NOT IMPLEMENTED YETmeas
		222	First establishment of agroforestry systems on agricultural land
		223	First afforestation of non-agricultural land
		224	Natura 2000 payments
		225	Forest-environment payments
		226	Restoring forestry potential and introducing prevention actions
		227	Non-productive investments
		Axis 3 - The quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>
312	Support for business creation and development		
313	Encouragement of tourism activities		
<i>Improve the quality of life in rural areas</i>	321		Basic services for the economy and rural population
	322		Village renewal and development
	323		Conservation and upgrading of the rural heritage
	331		Training and information
	341		Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
Axis 4 - Leader	<i>Implementing local development strategies</i>	411	Competitiveness
		412	Environment/land management
		413	Quality of life/diversification
		421	Implementing cooperation projects
		431	Running the local action group, skills acquisition, animation