STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: ES01.07.01
1.2 Title: Structures and Instruments for implementation of Business Support measures

1.3 Sector: Economic and Social Cohesion
1.4 Location:
- Estonia
- Sub-project 2 (Tourism Grant Scheme) - as for location of tourism projects the target regions stated in the NDP are preferred (da-Virumaa, South-Estonia, Islands of West-Estonia)

2. Objectives

2.1 Wider Objective(s):
Structures for management of EU Structural Funds' grants in place

2.2 Project Purpose:
Structures for implementation of business support measures in place

2.3 Accession Partnership and NPAA priority
2.3.1 Accession Partnership 10. December 1999 – Medium term priorities
Economic criteria:
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small and medium-sized enterprises.

Economic and Social Cohesion:
- Reinforcement of administrative and judicial capacity, including the management and control of EU funds, improving the capacity of the public administration to implement and manage the acquis, in particular through ensuring minimum staffing levels and appropriate co-ordination between ministries;
- Strengthening of economic and social cohesion. Developing national policy for economic and social cohesion for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular inter-ministerial co-ordination for structural funds on a regular basis; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

2.3.2 NPAA priority
Chapter 5.6 SME-s
In the coming years it is planned to continue the support to small businesses taking into account the principles of regional development, pay special attention to the development of less developed and mono-functional regions considering also general structural policy of Estonia. In relation with that, it is necessary to bring the objectives, priorities and relevant supporting measures of small business policy into compliance with the structural policy of Estonia and the European Union.
Chapter 6.2 Regional Policy and Cohesion
In the field of regional policy and cohesion the priority is to set up a legal and administrative framework to use the aid of the EU structural funds efficiently and to ensure the administrative capacity of relevant national institutions.

Plans for the years 2001 – 2002
In-2001 – 2002 improving institutional and management procedures and administrative capacity (personnel training) will amend the procedure for the implementation of EU pre-structural instruments, set up in 2000.

2.4 Contribution to National Development Plan 2001-2004

Sub-project 1. Institution Building Support to Enterprise Estonia

NDP 2001-2004 contains Chapter 6 - Implementation Arrangements, which consists of sub-chapters about management, monitoring and control in the frame of implementation of the National Development Plan. The above-mentioned chapter addresses the need for sound and efficient management of EU Structural Funds (SF). Sound and efficient management of EU SF should be guaranteed via targeted use of pre-structural instruments (respectively Phare 2000+).

Enterprise Estonia (EE) - the foundation for business support, is proposed to be an authority for management of business support measures after EU accession. Relevant agencies and offices of EE (See ANNEX 4) should be staffed and equipped with relevance of SF requirements; national aid schemes should be operational in SF environment on state level as well as on regional level.

Sub-project 2. Tourism Infrastructure Grant Scheme

The Estonian tourism policy is an integral part of the economic policy of the state, which is directed to create economic and social welfare for the Estonian population through stable economic growth.

The main goal of the development of Estonian tourism as defined in NDP (Chapter 4.1.3) is:
• to achieve the growth of exports of tourism services and internal tourism by following the principles of sustainable development, taking into account the interests of natural environment, securing the continuation of natural and cultural values and preserving the social and economic balance.

For the achievement of this goal it is important to increase the competitiveness of Estonian tourism on the international market, for which it is necessary to increase the range of tourism products, extending the geographical and seasonal distribution of tourism and raising the quality of tourism products.

The following main priorities have been selected for four following years for activities related to tourism policy:
• tourism marketing management;
• diversification of tourism products and raising their quality;
• improvement of the tourism information system.
The aims of the product development of the Estonian tourism means improving tourism products, extending the range of products and improving their quality. For the faster achievement of these aims it is necessary to focus main attention on product types with the highest potential based on main tourism resources and on tourism centres where the development would be more intensive, investment more profitable and the effect on the development of other areas higher.

The main tourism resources of Estonia are:
- natural environment (landscapes, water bodies, protected areas);
- historical heritage (medieval city centres, fortifications and manor houses);
- cultural heritage (music, dance and handicraft, folklore festivals).

Product development is focused on the so-called "honeycomb" principle, supporting the development of centres important for balanced regional development, main sights and attraction centres, that would trigger business activities for the provision of additional services and increase the demand for existing services.

The following tourism products are identified as priorities to be developed 2001-2004:
- Tourism product based on historical and cultural heritage
- Nature tourism
- Active holidays
- Conference tourism

Annexes I-III of NDP - Regional Development Programmes for Ida-Virumaa, South-Estonia and Islands of West-Estonia, contain tourism development measure as one of the priority areas for action.

**Sub-project 3. Industrial Infrastructure Support Facility**

Support to Industrial Infrastructure will contribute to the strategy settled in the Chapter 4.1.2 of NDP.

The goal for supporting the development of industry and entrepreneurship is to guarantee sustainable and socially and regionally balanced economic growth.

To obtain this goal, three objectives have been set:

- Strengthening business environment and creation new jobs
- Supporting innovation and technological progress
- Supporting growth in exports and foreign investments

Under these objectives is an activity the creation of **business support infrastructure** to support SME-s in a starting process of their business. According to regional need assessment, network of relevant business incubation facilities will be created (incl. industrial-, science- and technology parks).

2.5 Cross Border Impact
N/A

3. **Description**

3.1 Background and justification:
Estonia has to be ready for active use of EU Structural Funds right after accession. It will be the precondition for decreasing of development disparities between Estonia and other EU regions. Development of Estonia's priority areas has to be secured institutionally - appropriate support structures and instruments should be in place and effectively functioning.

**Sub-project 1. Institution Building Support to Enterprise Estonia**

In Estonia ministries have a role to elaborate the policies and to monitor the implementation process, but technical implementation of policies is delegated to foundations. Ministry of Economic Affairs (MoEA) is responsible for elaboration and implementation of economic development policies: industrial policy, SME policy, R&D policy, tourism policy, etc.

Ministry of Economic Affairs started preparations for the reform of business support foundations in 1999. The aim of the reform was economy and efficiency of delivery of support activities on business development. In 2000 Estonian Government approved the vision of the reform and gave a mandate to the MoEA to co-ordinate the concrete actions. The reform included also aspects of EU integration, namely the requirements of delivery of assistance, which will be co-financed by EU SF after Estonia's accession into EU.

As the result of the reform Enterprise Estonia (EE) was founded in 2000. The EE consists of five agencies, which are Regional Development Agency, Tourist Board, Technology Agency, Export Agency and Investment Agency. Also two regional offices of the Enterprise Estonia, one in Ida-Virumaa and one in South-Estonia were founded in year 2000. By the date both offices are fully staffed and functional. There are 5 persons in the Ida-Virumaa regional office and 4 persons in South-Estonian regional office. All employees have already got training on project management, there will be additional training on EU Structural Funds Management in the framework of Phare 2000 and Danish bilateral co-operation program (February – September 2001). Both offices are involved in the implementation of the sub-projects of Phare 2000. The West-Estonian regional office will be founded and staffed by the beginning of 2002.

The role of the regional offices of the EE is to represent the EE in the relevant regions and to mediate the services offered by the agencies of the EE to the entrepreneurs (See ANNEX 4).

During 1993 – 1997 previous Phare programs, Swedish bilateral support program and the county and local governments for supporting the activities of the SMEs founded the local business advisory and support centres (BASC). These BASC form the business support network on the county level. In many counties the County Government has delegated its tasks related to the business support to the local BASC. Besides the direct support to enterprises the BASC have several indirect support activities. These are organising the local business fairs, organising the training for SMEs, participating in preparation of the development programs of the relevant county, mediating the information about the business opportunities in the county to the potential investors, giving information about the loans, and other funding sources and co-operation possibilities.

The EE has contracted the local BASC centres only for provision of the basic advisory services for the SMEs. The role of the regional offices with this respect is to supervise and control the fulfilment of the contractual relations by the local BASC.
Besides strengthening the capacity of project design and implementation in the target regions stated in NDP, the Phare 2001 addresses the need for strengthening program development in priority sectors. Technical implementation of sector projects lies mostly in the sector agencies of EE - Technology Agency, Tourist Board and Regional Development Agency (res. SME support measures). Several Institution Building Support activities are expected to be co-financed by Phare National Program - policy advice on programming strategy; technical advice on design and implementation of aid schemes, incl. facilitation of project preparation; training of staff in implementation agencies. The similar capacity should be transferred also to EE regional offices via regular contacts with the agencies, their regional representation and co-operation with local sector support institutions.

Ministry of Economic Affairs is responsible for management of sub-project 1 and will chair the respective Working Group. Enterprise Estonia is responsible for technical implementation of the sub-project.

**Sub-project 2. Tourism Infrastructure Grant Scheme**

The importance of tourism in the Estonian economy has continuously grown in recent years, accounting directly approximately 10% and taking into account its indirect effect approximately 15% of the GDP. The share of tourism in employment and in the exports of Estonian goods and services is approximately 16%. The number of visitors arriving in Estonia from abroad has grown from 2.1 million in 1994 to 3.2 million people in 1999 in the course of the last five years. The average growth rate in the last four years has been 11%. Such a growth rate is primarily characteristic of developing economies and a stabilisation of the growth rate on the level of 7-10% is expected in the future.

In spite of the impressive figures Estonian tourism faces many critical factors. Among the critical factors impairing tourism development the following can be mentioned:

- Estonian tourism product is too one-sided and centered in Tallinn,
- in regions the tourism infrastructure is insufficiently developed and too little investments are made in tourism, particularly outside Tallinn.

Approximately 80% of the revenues of foreign tourism remain in Tallinn, which has been the only Estonian tourism product worth considering in the conditions of international competition.

In the programming phase in the first half of 2000 the Ministry of Economic Affairs gathered project ideas in the form of short project fiches from the county governments to assess the need for support in different socio-economic sectors. County governments therefore collected project fiches from local governments and other social partners in the county. The ministry received approximately 40 proposals from which 2/3 were for tourism infrastructure support and the average need for investment per proposal was 0.7 MEUR. The ministry made an initial evaluation of quality of gathered project proposals and those which were presented to develop tourism infrastructure were with good quality in general and exceeded the average quality of the proposals in other sectors (transport infrastructure, R&D, SME, HRD). Although several local authorities, county governments and tourism associations have received technical assistance and limited investment support through national and EU measures and programs, there are no National sector measures, enabling to direct the support more efficiently into tourism development. Under the information received the ministry decided that a tourism grant
scheme to support tourism infrastructure must be developed in 2001 and implemented from 2002 with Phare co-financing and further co-financed by SF. Also in that framework a strategic assumption will be created to implement the tourism national development plan.

Ministry of Economic Affairs (Trade Department) is responsible for the management of sub-project 2 and will chair the respective Working Group. Enterprise Estonia (EE Tourist Board) is responsible for technical implementation of the sub-project.

**Sub-project 3. Industrial Infrastructure Support Facility**

Crucial changes and transformation to market economy have caused disadvantages in several regions in Estonia. One possibility to encourage regional development and to decrease regional disadvantages is the establishment of the industrial parks. This sub-project takes into account the Estonian National Development Plan for industry as the baseline during the pre-accession period. Specially designed and developed industrial areas are significant (with demonstrated outcomes) and often used tools within EU Structural Funds operation.

As there is no clear understanding about precise needs for industrial infrastructure, it is one of the reasons why the current sub-project should be undertaken. In the future adequate background information about the needs for industrial parks makes easier to implement effective investment policy by the Ministry of Economic Affairs (MoEA), Enterprise Estonia (EE) and local governments.

Two pilot investments in industrial infrastructure are planned. First investment is planned to improve electricity supply of Tapa Industrial Park established on local initiative and assisted by Phare in starting phase (See Chapter 3.2.2). This investment will remove the main bottleneck for enlargement of the park.

Second investment is planned for the establishment an industrial facilities at Võru District (at the most industrialised centre of South-East Estonia).

Ministry of Economic Affairs (Economic Development Department and Industry Department) is responsible for management of sub-project 3 and will chair the respective Working Group. Enterprise Estonia (EE Regional Development Agency) is responsible for technical implementation of the sub-project.

3.2 **Linked activities:**

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<th>NO</th>
<th>Subject</th>
<th>Program</th>
<th>Status</th>
</tr>
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<td>1</td>
<td>Assistance to the SME Program in Estonia/Business Centres;</td>
<td>ES-9608.01.01</td>
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<td>2</td>
<td>Regional Development Project;</td>
<td>ES-9609.01</td>
<td>Finished</td>
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<tr>
<td></td>
<td>1. ES-9609.01.01 South-Eastern Estonian Logistics Centre (pilot)</td>
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<td></td>
<td>2. ES-9606.01.02 Improve entrepreneurial spirit in Peipsi region (pilot)</td>
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<td></td>
<td>3. ES9609.01.02 Tapa/Paldiski Re-</td>
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</table>
3.2.1 The Phare SME project has created 4 regional business support centres. As part of Phare SME program Narva, Tartu, Tallinn and Pärnu Business Advisory Services Centres were established. Business advisory services subsidy scheme was elaborated and tested. Now this scheme is functioning as the national one.

3.2.2 The Phare regional development project has facilitated the formulation of Estonian regional development strategy. The strategy indicates that restructuring of rural and industrial/military areas and developing periphery are the priorities of Estonian regional development. Through the pilot project industrial parks were established in Tapa and Paldiski which experience will be used for the development of new industrial parks. In Peipsiveere Fish and Onion restaurant was established and in South-East Estonia the logistics centre was set up.

3.2.3 The Phare tourism development program has facilitated the formulation of Estonian tourism strategy. The strategy underlined that tourism development in South-Estonia is a base for further development of the region.
3.2.4  In the frame of this project Ida-Virumaa Tourism Resource Centre was established and local resources were estimated, training for entrepreneurs took place and small local tourism objects were developed.

3.2.5  The Special Preparatory Program for Structural Funds.  
The program covers four main areas generally declared also in Accession Partnership 1999:

- To develop the Legal and Administrative Framework for the preparation and implementation of a National development Program (NDP);
- To develop the appropriate institutional framework and budgetary procedures, most particularly Sound Financial Control and Management of EU funding, enabling a smooth transition towards the application of Structural Funds principles;
- To prepare a prototype of National Development Program similar to those drawn up for the EU Cohesion countries where the whole national territory is covered by Objective 1;
- To establish and develop the capacity to manage the Pre-Accession Instruments: ISPA for transport and environment and SAPARD for agricultural and rural development.

Two SPP pilot projects started in August – September 1999 and will be financed and implemented through the year 2001.

SPP Pilot Project No. 1 is aimed for diversification of businesses in South-Estonia through the relevant grant scheme. This scheme will be adjusted and applied for the whole Estonia under the pre-accession instrument - SAPARD.

Within the framework of SPP Pilot Project No. 2 the first initiative for development of regional co-operation network for innovative entrepreneur-ship was made. In the information and co-operation network the links will be made between the existing advanced R&D potential of Tartu universities and the experience of innovative Science Park companies with the business and education community of Ida-Virumaa and South-East Estonia. Links will be established in order to support the development of high-tech-oriented entrepreneurship in these regions. This project will give input for Phare 2000 incubation and innovation network projects and Phare 2001 industrial infrastructure project. An assessment on results of SPP Pilot Project No. 2 will be conducted by the support of Phare Technical Assistance project ES9912 in May 2001.

3.2.6  Under the Phare ESC 2000 development of two Estonian regions lagging behind (Ida-Viru and South-East Estonia) will be supported through different measures – business support strategy, innovation and incubation support network, tourism infrastructure development, human resource development during the years 2001-2003. The regional offices of the EE in Ida-Viru and South-Estonia will be strengthened. Initial impact analyses of Phare 2000 Ida-Viru and South-Estonia will be strengthened. Initial impact analyses of Phare 2000 measures will be elaborated by the implementing agency (EE) and the monitoring unit in the Ministry of Economic Affairs by the end of 2002.

3.2.7  Ministry of Finance has proposed the project under Phare 2001 economical and social cohesion projects “Improvement of Administrative Capacity and Sound and Efficient Management of Structural Funds”. The objective of the project is strong administrative framework in the Estonian public sector for the sound and efficient programming and usage of EU Structural Funds. Activities under this project are taking place on national administrative level, but this particular project foresees the activities for the project implementers for ERDF and ESF type of activities.
3.2.8 – 3.2.9 Ministry of Social Affairs and Ministry of Education are planning institutional building projects under Phare 2001, those projects will concentrate on preparation of implementing agencies for Social Fund type of activities.

Linked activities undertaken by other parties:

- Swedish assistance to Estonia for regional development in the form of business support in 1992-1997 (support through Swedish NUTEK). Entrepreneurship centres in the regions lagging behind were created (Võru, Viljandi, Jõhvi), about 40 business consultants trained. Mentioned "NUTEK centres" and "Phare centres" in the areas with more potential (Tallinn, Tartu, Pärnu, Narva) formed a common business support network, which covers all Estonian counties now.

- At the request of the Estonian authorities, the World Bank has prepared the report: Northeast Regional Development Program. The report outlines elements for a regional development program for Ida-Virumaa. The key message of this report is that managerial capacity should be strengthened e.g. the Ida-Viru regional office.

As the result no other activities are foreseen except elaboration of Ida-Virumaa Employment Program.

- The British Department for International Development is running a project in the South-Eastern part of Estonia. The goal of the project is to reduce social exclusion and poverty in the Baltic States through improved rural development. The purpose of the project is to enhance the capacity of local communities in project areas to improve rural livelihoods on a sustainable basis.

British Know-How Fund Project concentrates on agriculture and rural development, what is the objective of the SAPARD projects The British Know-How Fund project provides support through training and advisory services to develop social capital and to facilitate disadvantaged groups in identifying and articulating their needs. In other words the target group are people responsible for small local rural development projects.

- Danish assistance to Estonia’s Regional Development and administration of EU Structural Funds. The immediate objective of the project is to assist Estonian central, regional and local level (incl. two regional offices) in implementation of EU pre-structural funds. The project will be completed in September 2001.

The Danish project aims to prepare the Phare 2000 economical and social cohesion projects by the beginning of Phare 2000 projects. As a result of the Danish project the Regional offices of EE in Ida-Viru and South-Estonia as well as the ministerial level should be ready to implement Phare 2000 ESC projects. Monitoring Unit within MoEA ensures co-ordination of the project with PHARE ESC projects.

- Phare CBC program and National Regional Development Programs have financed small sized local activities (surveys, strategies, plans, training, study-visits, tourism marketing, IT projects, etc.).
3.3 Results:

Sub-project 1. Institution Building Support to Enterprise Estonia

- EE sector agencies and regional offices capable to implement Business Support Schemes

Sub-project 2. Tourism Infrastructure Grant Scheme

- Tourism Infrastructure Grant Scheme in place

Sub-project 3. Industrial Infrastructure Support Facility

- Industrial Infrastructure Support Facility in place

3.4 Activities:

Sub-project 1. Institution Building Support to Enterprise Estonia

Means

- Technical Assistance:
  a) Short term expertise (15 mm)
  b) Training, meetings and workshops
  c) Study visits
  d) Surveys

- Investments

PHARE Technical Assistance:

TA Short term expertise (15 mm)

1.1 Elaboration of support schemes in the context of EU SF regulations
  1.1.1 Advice on elaboration of SME support schemes (incl. scheme for training of employees)
  1.1.2 Advice on elaboration of Industrial Infrastructure Support Facility
  1.1.3 Advice on harmonisation of the existing National R&D support schemes with EU SF regulations

1.2 Assessment of practicability and utility of business support schemes: SME, Industrial Infrastructure and R&D (testing of schemes)
  1.2.1 Assessment of procedures for project selection for support schemes
  1.2.2 Assistance in starting phase of implementation of projects under support schemes
  1.2.3 Assessment of effectiveness of support schemes

1.3 Advice on management of business support structures and instruments
  1.3.1 Technical assistance in strategic planning, financial management, IT management, rule of law, etc. for agencies and offices of EE
  1.3.2 Advice on management of business support schemes in the context of EU SF, incl. partnership and internal audit aspects

1.4 Project preparation facility
1.4.1 Assessment of need for project preparation support for projects under support schemes
1.4.2 Provision of TA for preparation of projects for SME and R&D schemes (feasibility studies, EIA-s, preparation of procurement documentation)

1.5 Training, meetings and workshops for EE, incl. management of EU SF and MS best practice in the use of SF

1.6 Study visits
   1.6.1 Study visit for Tourist Board (Tourism Development)
   1.6.2 Study visit for Technology Agency (R&D)
   1.6.3 Study visit for Regional Development Agency (Industrial and SME Development, incl. employment and training issues)

1.7 Surveys in the fields of tourism, innovation and regional development to clarify the status and needs of the relevant sector.

**PHARE Investment**

1.8 IT harmonisation (hardware and software solutions) for EE
1.9. Upgrading and strengthening the West-Estonian regional office of the EE

**Sub-project 2. Tourism Infrastructure Grant Scheme**

**Means**

- Phare technical assistance (short term expertise 4 mm)
  a) Advice and technical expertise
  b) Training, meetings and workshops
  a) Preparation of feasibility studies, procurement documentation and environmental impact studies for selected projects

- Phare investment (grants)

Means of sub-project 2 will be contributed by the IB means of sub-project 1 (training of EE personnel, study visit, surveys etc.).

**PHARE Technical assistance (short term expertise 4 mm)**

2.1 Assistance for operating the Tourism Infrastructure Grant Scheme (See draft description of Grant Scheme in ANNEX 5)\(^1\)
   2.1.1 Dissemination of information (incl. application forms) about the grant scheme
   2.1.2 Collection of project proposals
   2.1.3 Evaluation of project proposals
   2.1.4 Selection of proposals for funding
   2.1.5 Preparation of selected projects for financing (feasibility studies, EIA, detailed technical design, procurement documentation)
   2.1.6 Training, meetings and workshops on project management for project owners and project managers

\(^1\) Tourism Infrastructure Grant Scheme will be designed with support of Phare project ES9912 before the current project starts
2.1.7 Funding of projects
2.1.8 Monitoring of projects’ implementation

2.2 Assistance for further development of Tourism Infrastructure Grant Scheme
   2.2.1 Assessment of practicability of tourism support scheme
   2.2.2 Assessment of effectiveness of tourism support scheme
   2.2.3 Advice on harmonisation of Tourism Infrastructure Grant Scheme with EU SF regulations

**PHARE Investment**

2.3 Pilot investments for selected projects (preferably from Ida-Virumaa, South-Estonia and West-Estonian Islands)

Activities of sub-project 2 will be supported by IB activities (EE personnel training, study visit, surveys) of sub-project 1.

**Sub-project 3. Industrial Infrastructure Support Facility**

**Means**

- Phare technical assistance (short term expertise 9 mm)
  - a) Training, meetings, workshops, and consultation
  - b) Preparation of approx. 6 pre-feasibility studies, and approx. 2 feasibility studies and procurement documentation

- Phare funding for pilot actions
  - a) Investment in Tapa Industrial Park
  - b) Investment in Võru Industrial Sites

Means of sub-project 3 will be supported by means of sub-project 1 (training of EE personnel, study visit).

**PHARE Technical assistance (short term expertise 9 mm)**

3.1 Assessment of need for Industrial Infrastructure Support in Estonian regions
   3.1.1 Drafting of Concept and Work Plan for Industrial Infrastructure Development in Estonia
   3.1.2 Complementary training, meetings, workshops, and consultations

3.2 Project preparation support for projects to be financed in the near future
   3.2.1 Conducting pre-feasibility studies for sites/objects (approx. 6) with higher potential for Industrial Infrastructure Development in Estonia.
   3.2.2 Conducting feasibility studies and preparing procurement documentation for sites/objects (approx. 2) to be financed in the near future.

**PHARE investment**

3.3 Pilot investments
   3.3.1 Investments in Võru industrial sites
   3.3.2 Investments in Tapa Industrial Park
Activities of sub-project 3 will be supported by IB activities (elaboration and testing of support schemes, EE personnel training, study visit) of sub-project 1. As setting up a facility for supporting development of industrial infrastructure is relatively complicated task we consider more IB support inside the sub-project 3 (actors and beneficiaries are mostly on local level).

4. Institutional Framework

4.1 Steering and monitoring

Ministry of Economic Affairs is responsible for overall steering of the project. The ministry is directly responsible for achieving the project purpose and contributing the achievement of overall objective of the project. The Steering Committee (SC) is set up with chairman from MoEA and the Working Groups for every sub-project, chaired by the heads of respective departments of the MoEA. The chairmen of the Working Groups are represented in the SC. The steering committee meets on quarterly bases after the Working Group meetings. SC has the collective decision making role in main questions influencing the achievement of project purpose.

For daily monitoring of the project and serving the needs of Steering Committee, a Monitoring Unit is operating in the MoEA. The structural unit of the MoEA, named the Permanent Working Group for Preparation for Structural Funds (SF Group) acts in the frame of its duties also as the Monitoring Unit for the current project. Monitoring Unit is responsible for preparing the project fiche, developing an operational institutional framework, monitoring of implementation of sub-projects and the project as a whole (incl. drafting of social and economic cohesion projects' monitoring reports twice a year).

On yearly basis the Economic and Social Cohesion Monitoring Sub-Committee conducts the overall monitoring report and presents it to the Joint Monitoring Committee.

An evaluation will be carried out by the request of the MoEA. The MoEA will present respective report to European Commission, EC Delegation in Estonia, and the Ministry of Finance.

4.2 Implementation

The overall responsibility of the technical implementation function of the project will be given to the Enterprise Estonia (EE). Following the experience of Phare 2000 ESC projects' implementation scheme the EU and Estonian financiers will sign the respective contracts with the EE.

Sub-project 1 (IB Support for the EE) will be technically implemented by the EE Management. Sub-project 2 (Tourism Grant Scheme) will be technically implemented by the EE Tourist Board. Sub-project 3 (Industrial Infrastructure Support) will be technically implemented by the EE Regional Development Agency.

4.3 Beneficiaries

Enterprise Estonia (EE) is the beneficiary of the sub-project 1 (IB Support to EE). EE consists of five agencies – Technology Agency, Tourist Board, Investment Agency, Export Agency, Regional Development Agency, and three regional offices. The aim of the Enterprise Estonia is to implement support on business development in the areas of involvement of foreign
investments, transit, export, technology and tourism and regional development on the assumption of national development plans and policies drafted and financed by the MoEA and other ministries.

Below you can find the short description of sector agencies and regional offices of EE, the direct beneficiaries of the sub-project 1.

**Regional Development Agency**
The agency is formed on the basis of the currently operating foundation Estonian Regional Development Agency (ERDA) and in principle continues as co-ordinator of regional business centres and support schemes targeted to SME-s.

**Tourist Board**
The agency is formed on the basis of Estonian tourist board and offers project based services and funding in the field of marketing, product development, market research, training and dissemination of information.

**Technology Agency**
The agency is formed on the basis of Foundation Innovation Fund and has to increase the competitive abilities of Estonian industrial and service sectors in co-operation with enterprises, scientific institutions and other institutions.

**Regional offices**
- EE Ida-Viru regional office
- EE South-Estonia regional office
- EE West-Estonia regional office

Regional offices are working in close co-operation with the agencies of the EE (Technology Agency, Tourist Board, Export Agency, Investment Agency and Regional Development Agency).

The role of the regional offices is:
- to represent the Enterprise Estonia in the regions
- to inform the customers in the regions about the measures EE is offering to support the entrepreneurship (the regional development programs, SME support measures, innovation and technology support measures, export support measures etc)
- to help the regions to prepare integrated development plans (training, re-training, enterprising support) and projects which correspond to the requirements set to future members of the European Union.

Regional offices have to ensure coherence of sector and regional support measures in a region. A region is defined as a part of Estonia, which has the same background for development. Regions together will cover the whole Estonia. A region is usually bigger than one administrative unit - county.

The final beneficiaries for the sub-project 2 (Tourism Grant Scheme) are the local municipalities and NGOs preferably from the NDP target regions. Indirect beneficiaries of the sub-project are tourism enterprises as the developed infrastructure favours development of the businesses.

The final beneficiaries for the sub-project 3 (Industrial Infrastructure Support) are local municipalities for investment component and local municipalities, the MoEA and EE for
Institutional Building Support component. Indirect beneficiaries are the local entrepreneurs as the developed infrastructure favours the overall business environment.

4.4 Owners of the assets

**Owners of the assets** after the end of project:

- The owner of the investment component of the **sub-project 1** will be the Enterprise Estonia.

- The local municipalities and NGOs will own tourism infrastructure investments made under the **sub-project 2**.

- The local municipalities will own industrial infrastructure investments under the **sub-project 3**.

5. **Detailed Budget**

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<th>Sub-project 1</th>
<th>Phare Support</th>
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<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
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<tr>
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<tr>
<td>1.2 Training, meetings and workshops</td>
<td>0.00</td>
<td>0.20</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>1.3 Study-visits</td>
<td>0.10</td>
<td>0.10</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>1.4 Surveys</td>
<td>0.08</td>
<td>0.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Investments</td>
<td>0.30</td>
<td>0.00</td>
<td>0.30</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-project 2</th>
<th>Phare Support</th>
<th>National Cofinancing*</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Infrastructure</td>
<td>0.9688</td>
<td>0.10</td>
<td>1.0688</td>
<td>1.20</td>
</tr>
<tr>
<td>1. Technical assistance</td>
<td>0.10</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Short term expertise (5 mm)</td>
<td>0.075</td>
<td>0.075</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Training, meetings and workshops</td>
<td>0.025</td>
<td>0.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Investments</td>
<td>0.9688</td>
<td>0.9688</td>
<td>1.20</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-project 3</th>
<th>Phare Support</th>
<th>National Cofinancing*</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Infrastructure</td>
<td>0.50</td>
<td>0.22</td>
<td>0.72</td>
<td>0.15</td>
</tr>
<tr>
<td>1. Technical assistance</td>
<td>0.22</td>
<td>0.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Short term expertise (10 mm)</td>
<td>0.17</td>
<td>0.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Training, meetings and workshops</td>
<td>0.05</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Investments</td>
<td>0.50</td>
<td>0.50</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>2.1 Võru Industrial Incubator</td>
<td>0.40</td>
<td>0.40</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>2.2 Tapa Industrial Park</td>
<td>0.10</td>
<td>0.10</td>
<td>0.05</td>
<td></td>
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<tr>
<td>Total</td>
<td>1.7688</td>
<td>1.00</td>
<td>2.7688</td>
<td>1.37</td>
</tr>
</tbody>
</table>
6. Implementation Arrangements

The following implementation scheme is built up according to the principle that in general in Estonia ministries have a role to elaborate the policies and to monitor the implementation process, but every-day implementation of policies is delegated to foundations.

6.1 Implementing Agency

- CFCU will be the implementing agency for the project. To follow the practice of the implementation scheme of the Phare 2000 ESC projects it is intended to form the contract between CFCU and Enterprise Estonia according to what CFCU delegates the task of making sub-contracts and payments for the sub-contractors of the current project to the Enterprise Estonia. The contract will be agreed also with EC Delegation, Ministry of Finance, CFCU and Ministry of Economic Affairs. According to contract the technical implementation is the responsibility of Enterprise Estonia.

PAO: Name: Mr. Renaldo Mändmets  
Title: Deputy Secretary General  
Institution: Ministry of Finance  
Address: Suur-Ameerika 1; Tallinn 15006, Estonia  
Phone: +372 6113545  
Fax: +3726966810  
E-mail: renaldo.mandmets@fin.ee

6.1.1 Steering and monitoring

Steering Committee

For regular steering and monitoring purposes an inter-institutional Steering Committee (SC) will be appointed for the project, which meets on quarterly basis to monitor the progress of the project. The Ministry of Economic Affairs will chair, represent the three Working Groups and also serve the SC.

The SC will:
- review, comment and approve all the reports and work plans,
- discuss and authorise any changes that need to be made in project implementation plan or resource allocation, and will ensure the transparency in project selection process,
- if in the capacity of its members, solve the problems in project environment.

The composition of the Steering Committee is the following:

The chairman of the Steering Committee is the Deputy Secretary General of the Ministry of Economic Affairs (Mr. Raul Malmstein).

Steering Committee consist of the representatives from the following organisations:
- Ministry of Economic Affairs, the Deputy Secretary General  
- EC Delegation, Task Manager  
- Ministry of Finance, the Deputy Secretary General  
- Ministry of Internal Affairs, the Deputy Secretary General

For better steering of the project, which consists of three sub-projects three Working Groups will be created:
• Working Group for sub-project 1 – Institutional building support for EE
The chairing of the Working Group is responsibility of the head of Economic Development Department of the MoEA.

• Working Group for sub-project 2 – Tourism grant scheme
The chairing of the Working Group is responsibility of the head of Trade Department of the MoEA.

• Working Group for sub-project 3 – Industrial infrastructure support facility
The chairing of the Working Group is responsibility of the head Economic Development Department of the MoEA.

Monitoring Unit within the Ministry of Economic Affairs

PO in the MoEA is:
Mr. Raul Malmstein
Deputy Secretary General
Ministry of Economic Affairs
Harju 11
Tallinn 15072
Estonia
Phone: +3726256370
Fax: +3726313660
e-mail: rmalmstein@mineco.ee

For preparation and daily monitoring of the overall project the inter-departmental Monitoring Unit (MU) is set up in the MoEA. The Permanent Working Group for Preparation for Structural Funds (SF Group) in the MoEA acts also as the Monitoring Unit for the current project.

The MU will:
• design the overall project
• maintain regular contacts with Implementing Agency and regional authorities
• provide logistical support for the Steering Committee and Working Groups
• be represented in Working Groups for sub-projects
• monitor regularly the performance of sub-projects and an achievement of project objectives

The MU is managed by Economic Development Department and consists of representatives from the following departments of the MoEA:
• Economic Development Department (overall project design and monitoring, design and monitoring of IB, SME and Industry Support sub-projects, co-ordination and design of NDP chapters)
• EU Integration Department (technical design of the project, overall monitoring)
• Industry Department (design and monitoring of R&D and Industry Support sub-projects)
• Trade Department (design and monitoring of Tourism Support sub-projects)
• Legal Department (legal advice)
• Administrative and Financial Department (financial administration advice)
The Ministry will ensure that the members of the unit will have sufficient working time allocated for their tasks in the unit (at least 20% of the total working time). The rest they will spend on regular tasks of the relevant department.

6.1.2 Technical Implementation

Ministry of Economic Affairs delegates the task of management of the project to the Enterprise Estonia (EE), who acts as the technical implementation unit of the project. (The ministry retains the role of monitoring).

Responsibilities of Enterprise Estonia include:
- project management (incl. book-keeping and preparation of tender documentation)
- providing TA for project beneficiaries (incl. dissemination of information and project preparation support),
- writing regular project reports.

EE will work on the basis of the current Project Fiche.

EE is responsible for implementation of the whole project. Implementation of sub-project 1 is fully responsibility of EE project managers. EE delegates the procurement and implementation of pilot projects under the sub-project 2 (tourism grant scheme pilot projects) and 3 (industrial infrastructure pilot projects) to the project beneficiaries, but is responsible for implementation of the sub-projects 2 and 3 as a whole. The regional offices of the EE are fully staffed and capable to assist implementation of Phare 2001 projects. They are involved in project collection, preparation and prioritisation on regional level.

6.2 Twinning

No twinning arrangements are envisaged.

6.3 Non-standard aspects

DIS manual will be strictly followed.

Ministry of Economic Affairs, other ministries, local municipalities concerned, and other relevant public institutions will provide National co-financing from State Budget and Local Budgets during the years 2002-2003.

6.4 Contracts (Phare only)

**Sub-project 1 - IB Support for Enterprise Estonia**

1. Technical assistance – 0.68 MEUR
2. Investments – 0.3 MEUR

**Sub-project 2 - Tourism Infrastructure**

1. Technical assistance – 0.1 MEUR
2. Investments - 0.9688 MEUR
Sub-project 3 - Industrial Infrastructure

1. Technical assistance – 0.22 MEUR
2. Investments – 0.5 MEUR

7. Implementation Schedule

7.1 Start of tendering/call for proposals: 11.2001
7.2 Start of project activity: 01.2002
7.3 Project Completion: 01.2004

8. Equal Opportunity

- Equal opportunities for men and women will be ensured by the steering committee during the implementation of the project.

9. Environment

- Environmental Impact Assessment for sub-project 3 will be elaborated within the Phare technical assistance before the beginning of project or before the start of investment activities if needed.
- The Environmental Impact Assessments for accepted tourism projects under the Tourism Grant Scheme will be completed under the sub-project 2 - Project preparation facility (See activity 2.1.1) if needed.

10. Rates of return

- For the sub-project 3 economic internal rate of return, and the feasibility studies are in preliminary stage (first assessments of needs, SWOT analysis, etc.), but they will be completed with Phare Technical Assistance before the beginning of project or before the start of investment activities.

11. Investment criteria

11.1 Catalytic effect:

- In the case of sub-projects 2 (tourism grant scheme) and 3 (industrial infrastructure) development of infrastructure in the region will attract investments from private sector.

11.2 Co-financing:

- At least 25% co-financing will be allocated from the State Budget/Local Budgets.
- In the case of sub-project 2 (tourism grant scheme) the advantage will be given to the project proposals ensuring the sufficient local/regional co-financing.

---

2 Funds for TA have been reserved from ES9912: PHARE Project Preparation Facility.
3 Funds for TA have been reserved from ES9912: PHARE Project Preparation Facility.
11.3 Additionality:

- Estonia allocates its own national resources in the form of grants to different National Business Support Programs, mainly to support the Regional policy, SME policy and R&D policy. The aim to use Phare resources partially for the same purposes is to amplify the achieved results and impact of support measures. The Phare assistance is essential for preparations for the management of Structural Funds support after the accession to EU as well as for the development of human resources. Phare grants do not displace other financiers. If public support arises, the interest of financiers from the private sector or IFIs will arise as well.

11.4 Project readiness and Size:

- Before the start of investment components all necessary technical studies will be completed (see item 9,10).
- The total of all Phare financed investment components of the project is **1.7688 MEUR**.
- The current project is phase one of the grant schemes for development of favourable business environment. The second phase will take place in the year 2002-2004 and the presumable grant schemes will be: R&D, SME (start-up fund and project based training of employees).

11.5 Sustainability:

- The investment will be sustainable after the completion of the project. Local government and state authorities will pay for future maintenance and operating costs of industrial infrastructure and tourism infrastructure. Local government will own the tourism objects, which will be partly operated and maintained by NGOs or private entrepreneurs. The project will not have an adverse effect on the environment.

11.6 Compliance with state aids provisions:

- The state aid is regulated by Estonian Competition Law, which is harmonised and in compliance with European Union regulations.

11.7 Contribution to the National Development Plan:

The project will help to implement the measures according to the relevant parts of the National Development Plan. The following chapters from the National Development Plan are related to the current project:

- Chapter 4.1.2 - Industry and Business Development - sub-project 3
- Chapter 4.1.3 - Tourism - sub-project 2
- Chapter 6 - Implementation Arrangements - sub-project 1
- Annexes I-III - Regional Development Programs for Ida-Virumaa, South-Estonia and Islands of West-Estonia - sub-project 2

12. Conditionality and sequencing

- The West-Estonian office of EE established by the beginning of year 2002.
The design of the Tourism Grant Scheme (sub-project 2) and feasibility studies and procurement documentation for the pilot investments (sub-project 3) will be completed before the project starts.\footnote{For preparation of grant scheme (sub-project 2), feasibility studies and procurement documentation of pilot projects (sub-project 3) Phare project ES9912 will be used}
ANNEXES TO PROJECT FICHE

1. ANNEX 1 - Logical framework matrix for project
2. ANNEX 1A - Logical framework matrix for sub-project 1
3. ANNEX 1B - Logical framework matrix for sub-project 2
4. ANNEX 1C - Logical framework matrix for sub-project 3
5. ANNEX 2 - Detailed implementation chart
6. ANNEX 3 - Contracting and disbursement schedule
7. ANNEX 4 - Implementation Scheme of the project
8. ANNEX 5 - Description of Tourism Grant Scheme (draft)
## ANNEX 1. Phare log frame

**LOGFRAME PLANNING MATRIX FOR Phare 2001 ESC**

<table>
<thead>
<tr>
<th>Project:</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ES01.07.01</td>
</tr>
</tbody>
</table>

### Structures and Instruments for implementation of Business Support measures

<table>
<thead>
<tr>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
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</thead>
<tbody>
<tr>
<td>31/12/2003</td>
<td>31/12/2004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total budget:</th>
<th>Phare budget:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1388 MEUR</td>
<td>2.7688 MEUR</td>
</tr>
</tbody>
</table>

#### Overall objective

- **Structures for management of EU Structural Funds' grants in place**
- All relevant parties are functioning according to EU structural funds requirements and actively involved in the programming cycle
- Stable and coherent programmes agreed and ready for implementation
- Monitoring and Evaluation system in place

#### Objectively verifiable indicators

1. All relevant parties are functioning according to EU structural funds requirements and actively involved in the programming cycle
2. Stable and coherent programmes agreed and ready for implementation
3. Monitoring and Evaluation system in place

#### Sources of Verification

- Regular reports of Estonia issued by EC
- Ex ante evaluation by Estonian Ministries and EC Delegation when appropriate
- Regular reports of Estonian Ministries to Phare Monitoring Committee

#### Project purpose

- **Structures for implementation of business support measures in place**
- Fully operational implementation system for business support measures in place
- Project management system in place on sector and regional level

#### Objectively verifiable indicators

1. Fully operational implementation system for business support measures in place
2. Project management system in place on sector and regional level

#### Sources of Verification

- Regular reports issued by Implementing Agency - Enterprise Estonia (EE) and presented to Steering Committee
- Ex ante evaluation by the Ministry of Economic Affairs (MoEA) and EC Delegation when appropriate

#### Assumptions

- Successful SPP+ project (under Ministry of Finance)
- Success of projects on structures for ESF type measures implementation (under Ministry of Education and Ministry of Social Affairs)
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| 1. EE sector agencies and regional offices capable to implement Business Support Schemes | 1.1 Relevant sector agencies upgraded for implementation of business support schemes in the context of EU SF  
1.2 EE regional offices able to increase competitiveness of regional projects under sector support schemes | • Regular reports of sub-projects prepared by EE sector and regional offices and presented to Steering Committee  
• Monitoring reports issued by MoEA  
• Ex ante evaluation by MoEA and EC Delegation when appropriate | • Fruitful co-operation of central and regional administration  
• Sufficient National co-financing available in time  
• Additional private investment attracted to the project activities |
| 2. Tourism Infrastructure Grant Scheme in place                        | 2.1 Tourism projects prepared for financing  
2.2 Tourism projects funded through the grant scheme |                                                                                  |                                                                                                   |
| 3. Industrial Infrastructure Support Facility in place                  | 3.1 Concept and activity plan for Industrial Infrastructure Support  
3.2 Projects prepared for submission to financing institutions  
3.3 Relevant Phare 2001 pilot projects implemented |                                                                                  |                                                                                                   |
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Sub-project 1 - IB Support to EE | Phare Contracts: 1.1.-1.7. Technical assistance | PHARE 0.68 | ▪ TA available for preparation of the project for investments  
▪ Feasibility studies, EIA-s and procurement documentation ready in time  
▪ Business support structures ready to absorb Phare assistance (organisation built and staffed) |
| | 1.8. Investment | 0.30 |  
Sub-project1: Total PHARE 0.98 |
| | Contracts: 2.1-2.2 Technical assistance 2.3 Investment | 0.10 |  
Sub-project 2: Total PHARE 1.0688 |
| | Contracts: 3.1-3.2 Technical assistance | 0.22 |  
Sub-project 3: Total PHARE 0.72 |
| | 3.3. Investment | 0.50 | TOTAL 2.7688 MEUR |
| Sub-project 2 - Tourism Infrastructure |  |  |  |
| 2.1. Preparation of tourism projects 2.2. Granting of tourism projects 2.3 Investments for selected projects |  |  |  |
| Sub-project 3 - Industrial Infrastructure |  |  |  |
| 3.1 Elaboration of Concept for Industrial Infrastructure Support  
Project preparation for Industrial Infrastructure Support Facility 3.3. Pilot investments |  |  |  |

Preconditions
▪ Sufficient progress of
EU accession negotiations on SF and Regional Policy (NUTS classification, appointment of Managing and Paying Authority, etc.)
### ANNEX 1A. Phare log frame

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Sub-project 1</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institution Building Support for Enterprise Estonia (EE)</strong></td>
<td>Contracting period expires</td>
</tr>
<tr>
<td></td>
<td>Total Sub-project 1 budget: 1 MEUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Structures for implementation of Business Support measures in place</strong></td>
<td>1. Fully operational implementation system for business support measures in place by year 2003 2. Project management system in place by year 2003</td>
<td>• Regular project reports issued by Implementing Agencies and presented to Steering Committee • European Commission Regular Reports</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>EE sector agencies and regional offices capable to implement Business Support Schemes</strong></td>
<td>1. Relevant sector agencies upgraded for implementation of business support schemes in the context of EU SF 2. EE regional offices upgraded for running of sector based support schemes in the regions</td>
<td>• Regular project reports of sub-project confirmed by the project Steering Committee (SC) • Project evaluation reports of Working Group presented to the SC</td>
<td>• Successful SPP+ project • Successful ESF structures projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EE Tourist Board capable to implement Tourism Infrastructure Grant Scheme 2. EE Regional Development Agency capable to implement Industrial Infrastructure Support Facility and SME support schemes</td>
<td>1. Tourism Infrastructure Grant Scheme operational and tested 2.1 Industrial Infrastructure Support Facility designed and piloted 2.2 SME support schemes (incl. scheme for training of employees) designed</td>
<td>• Regular reports of sub-project confirmed by the project Working Group and SC • Ex ante evaluation by EC Delegation if appropriate</td>
<td>• Fruitful co-operation of central and regional administration • Effective partnership with the third sector</td>
</tr>
</tbody>
</table>
3. EE Technology Agency capable to implement R&D Grant Scheme
4. EE regional offices (IVDA, SEDA, WEDA) capable to prepare and assist implementation of regional projects

3. National R&D Support Schemes harmonised with EU SF regulations
4. The percentage of regional project proposals submitted and deemed of an acceptable technical standard by project evaluation committee reaches 75% by 2003. (The percentage at present ranges from 20 - 50%)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every above mentioned EE sector and regional development agency is involved in and benefits from the following activities:</td>
<td>PHARE Contracts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Advice on elaboration of support schemes in the context of EU SF regulations</td>
<td>1.-7. Technical Assistance:</td>
<td></td>
<td>• Business support structures ready to absorb Phare assistance (organization built and staffed)</td>
</tr>
<tr>
<td>2. Assessment of practicability and utility of Business Support Schemes</td>
<td>a) Short term expertise (15 mm)</td>
<td>0.68 MEUR</td>
<td></td>
</tr>
<tr>
<td>3. Advice on management of business support structures</td>
<td>b) Training, meetings and workshops</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>4. Setting up project preparation facility</td>
<td>c) Study visits</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>5. Training, meetings and workshops</td>
<td>d) Surveys</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>6. Study visits</td>
<td>e) Surveys</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>7. Surveys in the fields of tourism, innovation and regional development</td>
<td>8.Investment</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>8. Investments for upgrading and strengthening the EE West-Estonia regional office and for harmonisation of IT</td>
<td><strong>Total 0.98 MEUR</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

- Sufficient progress of EU accession negotiations on SF and Regional Policy
- EE West Estonia regional office established
## ANNEX 1B. Phare log frame

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Sub-Project 2:</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism Infrastructure Grant Scheme</strong></td>
<td>Contracting period expires Disbursement period expires</td>
</tr>
<tr>
<td><strong>Programme name and number</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Contracting period expires</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Disbursement period expires</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Sub-Project 2 budget : 2.2688 MEUR</strong></td>
<td><strong>Sub-Project 2 Phare budget : 1.0688 MEUR</strong></td>
</tr>
</tbody>
</table>

### Overall objective

- **Structures for implementation of Business Support measures in place**
  1. Fully operational implementation system for business support measures in place year 2003
  2. Project management system in place by year 2003

### Objectively verifiable indicators

1. Fully operational implementation system for business support measures in place year 2003
2. Project management system in place by year 2003

### Sources of Verification

- Regular project reports issued by Implementing Agencies and presented to Steering Committee
- European Commission Regular Reports

### Project purpose

- **Tourism Infrastructure Grant Scheme in place**
  1. Adequate routines of grant scheme operation in place
  2. Number of projects are prepared and funded

### Objectively verifiable indicators

1. Adequate routines of grant scheme operation in place
2. Number of projects are prepared and funded

### Sources of Verification

- Regular reports issued by EE Tourist Board and presented to Working Group
- Tourist Board upgraded through the activities of sub-project 1 (Institution Building Support) to be capable to implement the measure
- Means of sub-project 1 (IB) contribute the tourism measure

### Assumptions

- Fruitful co-operation of central and regional administration
- Partnership principles

### Results

- **Implemented projects under the Tourism Infrastructure Grant Scheme**
  1. Historical and cultural heritage based tourism projects financed
  2. Nature and active holiday based tourism projects financed

### Objectively verifiable indicators

1. Historical and cultural heritage based tourism projects financed
2. Nature and active holiday based tourism projects financed

### Sources of Verification

- Monitoring by Working Group the implementation of projects supported by grant scheme
- Regular project reports issued by

### Assumptions

- Fruitful co-operation of central and regional administration
- Partnership principles
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advising the operation of Tourism Infrastructure Grant Scheme</td>
<td>1.-2. Technical assistance (4 mm)</td>
<td>0.1 MEUR</td>
<td>• Tourist Board staffed and equipped sufficiently</td>
</tr>
<tr>
<td>2. Advising the development of Tourism Infrastructure Grant Scheme</td>
<td>3. Investment</td>
<td>0.9688</td>
<td></td>
</tr>
<tr>
<td>3. Funding of selected projects</td>
<td></td>
<td>TOTAL 1.0688 MEUR</td>
<td></td>
</tr>
</tbody>
</table>

Preconditions
- Phare Project Preparation Support available in time
- Design of Grant Scheme is completed before the project starts
## ANNEX 1C. Phare log frame

### LOGFRAME PLANNING MATRIX FOR Sub-project 3:

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Contracting period expires</th>
<th>Disbursement period expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Infrastructure Support Facility</td>
<td>Total Sub-project 3 budget: 0.87 MEUR</td>
<td>Sub-project 3 Phare budget: 0.72 MEUR</td>
</tr>
</tbody>
</table>

### Overall objective

- **Structures for implementation of business support measures in place**
  1. Fully operational implementation system for business support measures in place
  2. Project management system in place on sector and regional level

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fully operational implementation system for business support measures in place</td>
<td>Regular reports issued by Implementing Agency - Enterprise Estonia (EE) and presented to Steering Committee</td>
</tr>
<tr>
<td>2. Project management system in place on sector and regional level</td>
<td>Ex ante evaluation by the Ministry of Economic Affairs (MoEA) and EC Delegation when appropriate</td>
</tr>
</tbody>
</table>

### Sources of Verification

<table>
<thead>
<tr>
<th>Source</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Regional Development Agency upgraded by the activities and means of the sub-project 1 (IB support)</td>
<td></td>
</tr>
</tbody>
</table>

### Project purpose

- **Industrial Infrastructure Support Facility in place**
  1. Overall Concept of Support to Industrial Infrastructure Development
  2. Feasibility studies of industrial infrastructure projects
  3. Relevant Phare 2001 pilot projects funded

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Overall Concept of Support to Industrial Infrastructure Development</td>
<td>Regular reports of sub-projects prepared by EE agencies and bureau and presented to Steering Committee</td>
</tr>
<tr>
<td>2. Feasibility studies of industrial infrastructure projects</td>
<td>Monitoring reports issued by MoEA</td>
</tr>
<tr>
<td>3. Relevant Phare 2001 pilot projects funded</td>
<td>Ex ante evaluation by MoEA and EC Delegation when appropriate</td>
</tr>
</tbody>
</table>

### Sources of Verification

<table>
<thead>
<tr>
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<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Regional Development Agency upgraded by the activities and means of the sub-project 1 (IB support)</td>
<td></td>
</tr>
</tbody>
</table>

### Results

1. Overall need for industrial infrastructure in Estonian regions identified
1.1 Expertise given in the form of consultations, training, workshops for the Working Group and other relevant

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Expertise given in the form of consultations, training, workshops for the Working Group and other relevant</td>
<td>TA reports of experts presented to the Working Group</td>
</tr>
</tbody>
</table>

### Sources of Verification

<table>
<thead>
<tr>
<th>Source</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Regional Development Agency upgraded by the activities and means of the sub-project 1 (IB support)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assumptions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruitful co-operation of central and regional administration</td>
<td></td>
</tr>
</tbody>
</table>
### Activities

1. Elaboration of Concept for Industrial Infrastructure Support
2. Exploring potential locations of Industrial Infrastructure
3. Pilot investments in Tapa and Võru

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Elaboration of Concept for Industrial Infrastructure Support</td>
<td>PHARE contracts</td>
<td>0.22</td>
<td>• Regional offices staffed and equipped sufficiently and ready to co-ordinate the assistance</td>
</tr>
<tr>
<td>2. Exploring potential locations of Industrial Infrastructure</td>
<td>1-2. Technical assistance (9 mm)</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>3. Pilot investments in Tapa and Võru</td>
<td>3. Investment</td>
<td>TOTAL 0.72 MEUR</td>
<td></td>
</tr>
</tbody>
</table>

### Preconditions

- Feasibility studies and procurement documentation for pilot investments in Tapa and Võru completed before the project starts
### ANNEX 2. TIME IMPLEMENTATION CHART

**Project N°: ES**  
**Project Title: STRUCTURES AND INSTRUMENTS FOR IMPLEMENTATION OF BUSINESS SUPPORT MEASURES**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>J</td>
<td>F</td>
<td>M</td>
<td>A</td>
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<tr>
<td><strong>Sub-project 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Technical assistance</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>2. Investments</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td><strong>Sub-project 2</strong></td>
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<tr>
<td>Tourism Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Technical assistance</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>2. Investments</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td><strong>Sub-project 3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Technical assistance</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>2. Investments</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>2.1 Võru Industrial Incubator</td>
<td>T T T C C</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>2.2 Tapa Industrial Park</td>
<td>T T T C C</td>
<td>C</td>
<td>I</td>
<td>I</td>
</tr>
</tbody>
</table>

---

*Note: T = Technical assistance, C = Investments*
### ANNEX 3. CONTRACTING AND DISBURSEMENT SCHEDULE

### ANNEX 3A. CUMULATIVE CONTRACTING SCHEDULE

- **Project No:** ES
- **Project title:** Structures and Instruments for implementation of Business Support measures

<table>
<thead>
<tr>
<th>Date</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td>30.08.01</td>
<td>30.09.01</td>
<td>31.12.01</td>
<td>31.03.02</td>
<td>30.06.02</td>
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<tr>
<td><strong>MEUR</strong></td>
<td>0.98</td>
<td>0.98</td>
<td>0.98</td>
<td>0.98</td>
<td>0.98</td>
</tr>
</tbody>
</table>

#### Sub-project 1

1. **IB Support for EE**
   - 0.98 0.98 0.98 0.98 0.98 0.98 0.98 0.98 0.98 0.98 0.98 0.98
   - 1. Technical assistance: 0.68 0.68 0.68 0.68 0.68 0.68 0.68 0.68 0.68 0.68 0.68 0.68
   - 2. Investments: 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3

#### Sub-project 2

1. **Tourism Infrastructure**
   - 0.1 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688 1,0688
   - 1. Technical assistance: 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1
   - 2. Investments: 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688 0.9688

#### Sub-project 3

1. **Industrial Infrastructure**
   - 0.22 0.72 0.72 0.72 0.72 0.72 0.72 0.72 0.72 0.72 0.72 0.72
   - 1. Technical assistance: 0.22 0.22 0.22 0.22 0.22 0.22 0.22 0.22 0.22 0.22 0.22 0.22
   - 2. Investments: 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5
## ANNEX 3B. CUMULATIVE DISBURSEMENT SCHEDULE

**Project No:** ES  
**Project title:** Structures and Instruments for implementation of Business Support measures

<table>
<thead>
<tr>
<th>Date</th>
<th>2001</th>
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<th>2003</th>
<th>2004</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project 1</td>
<td></td>
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<tr>
<td>IB Support for EE</td>
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<td>2. Investments</td>
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<td>0,105</td>
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<td>0,195</td>
<td>0,24</td>
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<tr>
<td>Sub-project 2</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Tourism Infrastructure</td>
<td>0,25</td>
<td>0,45</td>
<td>0,6</td>
<td>0,75</td>
<td>0,9</td>
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<tr>
<td>1. Technical assistance</td>
<td>0,05</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>2. Investment</td>
<td>0,2</td>
<td>0,35</td>
<td>0,5</td>
<td>0,65</td>
<td>0,8</td>
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<td>Sub-project 3</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Infrastructure</td>
<td>0,144</td>
<td>0,36</td>
<td>0,468</td>
<td>0,468</td>
<td>0,576</td>
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<tr>
<td>1. Technical assistance</td>
<td>0,044</td>
<td>0,11</td>
<td>0,143</td>
<td>0,176</td>
<td>0,198</td>
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<tr>
<td>2. Investments</td>
<td>0,1</td>
<td>0,25</td>
<td>0,325</td>
<td>0,4</td>
<td>0,45</td>
</tr>
</tbody>
</table>
ANNEX 4. IMPLEMENTATION SCHEME FOR THE PROJECT "STRUCTURES AND INSTRUMENTS OF BUSINESS SUPPORT MEASURES"

STEERING COMMITTEE

WORKING GROUP FOR TOURSIM GRANT SCHEME

WORKING GROUP FOR IB SUPPORT TO EE

WORKING GROUP FOR INDUSTRIAL INFRASTRUCTURE

IMPLEMENTING AGENCY – ENTERPRISE ESTONIA

TOURIST BOARD responsible for implementation of TOURSIM GRANT SCHEME

REGIONAL DEVELOPMENT AGENCY responsible for implementation of INDUSTRIAL INFRASTRUCTURE FACILITY

TECHNOLOGY AGENCY responsible for implementation of R&D Support Schemes

INVESTMENT AGENCY

EXPORT AGENCY

SEDA – responsible for regional project preparation and implementation

IVDA - responsible for regional project preparation and implementation

WEDA - responsible for regional project preparation and implementation
ANNEX 5. Description of the Tourism Grant Scheme (Sub-project 2).

The Ministry of Economic Affairs did the assessment of needs for tourism infrastructure support in the programming phase in the first half of 2000. The ministry gathered project ideas in the form of short project fiches from the county governments to assess the need for support in different socio-economic sectors. The ministry received approximately 40 proposals from which 2/3 were for tourism infrastructure support and the average need for investment per proposal was 0.7 MEUR. Under the information received the ministry decided that a tourism grant scheme to support tourism infrastructure must be developed. Also in that frame a strategic assumption will be created to implement the tourism national development plan.

Purpose of the scheme: tourism development through measure, which supports investments into tourism infrastructure. During the project the grant scheme and the structure for implementation of the measure will be tested to prepare the structure for management of EU Structural Fund’s grants.

The principle is to support the development of centres important for balanced regional development, main sights and attraction centres, that would trigger business activities for the provision of additional services and increase the demand for existing services. In principal the creation of alternative employment in the areas under restructuring should be contributed through the current measure.

The grant is available for the projects, which contribute development of the following products as priorities:
- Tourism product based on historical and cultural heritage
- Nature tourism
- Active holidays
- Conference tourism

In frame of Phare 2001 projects from the target regions (South Estonia, Ida-Virumaa, Islands of West Estonia) are preferred. As the grant scheme is considered to become a sector measure covering whole Estonia in the future, also projects from other regions could be accepted if there is lack of appropriate ones from the target regions.

Target Group: direct beneficiary could be local authorities, county governments and foundations (established by those mentioned in purpose to establish or develop any object or objects supporting tourism infrastructure). The measure contributes to the economic welfare of the inhabitants in regions through increased business and employment opportunities; the development of tourism infrastructure in consistence with the protection of the environment will also improve the living environment in the regions.

Administration of the grant scheme: EE Tourist Board in co-operation with EE regional offices will implement the grant scheme. EE Tourist Board in co-operation with EE regional offices will make the preliminary selection of the projects. The final selection of the projects to be financed will be made and the activities/results will be monitored by a Working Group, which will include representation from the Ministry of Economic Affairs (Trade Department), Ministry of Internal Affairs and county governments. The final selection of projects will be approved by the Steering Committee. The target group/applicants will be informed and assisted by EE Tourist Board in co-operation with EE regional offices. Tourist Board will also ensure, that the projects financed under current Grant Scheme are not in the same time financed by the SAPARD Agency. The feasibility studies of the chosen projects will be organised to carried out by Tourist Board before the
final approval by Steering Committee. The grant covers investments into co-financed projects.

Criteria:
• In accordance with regional and national tourism strategies and development plans
• Impact on local/regional economy (employment, additional income for the local/regional entrepreneurs)
• Local co-financing available
• Project size min 0.07 MEUR (National and Phare funds)
• Sustainability guaranteed (incl. financially)