

22 September 2023

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the first payment request submitted by Estonia on 30 June 2023, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 30 June 2023, Estonia submitted a request for payment for the first and second instalments of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Estonia provided due justification of the satisfactory fulfilment of the 28 milestones and one target of the first and second instalments of the non-repayable support, as set out in Section 2 of the Annex to the Council Implementing Decision of 16 June 2023 amending the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia¹.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Estonia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 28 milestones and one target.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Estonia's Recovery and Resilience Plan. This includes, among others, a skills reform for the digital transformation of businesses, a reform supporting the competitiveness of enterprises in foreign markets and a reform for improving the provision of long-term care. The milestones and targets also confirm progress towards the completion of investment projects related to green skills to support the green transition of enterprises, as well as the creation and development of a centre of excellence for data governance.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and target.

¹ ST 9367/23 INIT and ST 9367/23 ADD 1 REV 1.

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[First instalment]

Number: 23	Related Measure: 2.1. Green transition of enterprises
Name of the Milestone: Creation of a Green Transition Task Force to implement and monitor the green transition	
Qualitative Indicator: Set up of a task force and working groups	Time: Q4 2021
Context: <p>Milestone 23 is part of reform 2.1, which aims at improving the green transition of the business sector by (a) making existing businesses more efficient and environmentally friendly, and (b) by supporting the emergence of new green technology companies. The reform consists of the set-up of a broad-based Green Transition Taskforce to foster the cooperation between green technology stakeholders, and the adoption of legislation necessary for the implementation of complementary investments into green skills that will be implemented through the subsequent measures of the component of the RRP.</p> <p>Milestone 23 concerns reforming the existing Working Group on Green Technology (set up in 2020) into the RRP’s Green Transition Task Force to coordinate the measures on the green transition of companies and to improve the cooperation and exchange of information among the public sector, stakeholders, and interest groups.</p> <p>Milestone 23 is the first step of the implementation of reform 2.1 and it will be followed by milestone 24, related to the adoption of a Circular Economy action plan by the Green Transition Task Force. Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, investments will be done in green skills to support the green transition of companies, green technology development programmes, modernisation of business models in manufacturing companies, deployment of resource efficient green technologies and a Green Fund. These are further steps following this reform that are linked to the milestones and targets in investments 2.2, 2.3, 2.4, 2.5 and 2.6 in the Council Implementing Decision.</p> <p>The reform has a final expected date for implementation on 31 December 2022.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii. Copy of Directive No. 1 – 2/21/524 of the Minister of the Environment on the establishment of a Task Force on Estonia’s RRP for the reform “Green transition of enterprises”, published on 27 December 2021 (hereinafter referred to as the “Directive”).iii. Copy of amendment No. 1 – 2/23/229 of the Directive of the Minister of the Environment, signed on 7 June 2023 (hereinafter referred to as “amendment of the Directive”). <p>The authorities also provided:</p> <ol style="list-style-type: none">iv. Memo on the meeting with the stakeholders and interest groups on 7 December 2021 (hereinafter referred to as “memo”).v. Protocol of the meeting of the working group related to the measure “Deployment of resource-efficient green technologies” on 19 April 2022.	
Analysis: <p>The justification and substantiating evidence provided by Estonia authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none">• The Ministry of the Environment shall reform the existing Working Group on Green	

Technology (set up in 2020) into the RRP's Green Transition Task Force

The Council Implementing Decision required the Ministry of the Environment to reform the existing Working Group on Green Technology (set up in 2020) into the RRP's Green Transition Task Force. As indicated in Article 1 of the Directive No. 1 – 2/21/524, the Minister of the Environment set up a Task Force on the Green Transition of Enterprises without reforming the existing Working Group on Green Technology. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it is in line with the description of the measure which states that “the reform shall consist of the set-up of a broad-based Green Transition Task Force”. Furthermore, the purpose and composition of the Green Transition Task Force is in line with the requirements of the Council Implementing Decision. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- **[...] to coordinate the measures on the green transition of companies.**

As outlined on page one in paragraph two of the Directive, the Green Transition Task Force shall coordinate and monitor the implementation of the “Green transition of enterprises” reform of the Estonian RRP.

- **[...] and improve cooperation and exchange of information among the public sector, stakeholders and interest groups.**

Paragraph two of the Directive stipulates that a task of the Green Transition Task Force is to strengthen cooperation and exchange information between ministries. In the amendment of the Directive, the stakeholder and interest groups were added to the Task Force under paragraph one: the Estonian Chamber of Commerce and Industry, Estonian Association for Environmental Management, Estonian Chamber of Environmental Associations, the Association of Estonian Cities and Municipalities, the Estonian Chamber of Agriculture and Commerce, the Estonian Academy of Sciences, Estonian Association of Small and Medium Enterprises. The amendment to the Directive also added ‘and stakeholders’ to paragraph two of the directive which defines the cooperation.

- **The necessary working groups shall be set up for specific measures.**

Page one under paragraph four of the Directive states that “the members of the Task Force on the Green Transition of Enterprises may convene working groups where necessary to implement measures for the green transition of companies”. Working groups have been set up for three specific measures under this component. The protocol of the meeting of “The green technology development programme” from 25 May 2022 shows that the working group relevant for measure 2.3 “Green technology development programmes” is operative. The protocol of the meeting on “Conditions and procedure for granting support for the promotion of resource-efficient green technologies” from 19 April 2022 shows that the working group relevant for measure 2.5 “Deployment of resource-efficient green technologies” is operative. In addition, the working group for measure 2.2 “Green skills to support the green transition of enterprises” has convened on 7 December 2021. In the memo provided it is demonstrated that this working group consisting of higher education institutions (such as, Taltech), vocational education institutions (such as, HTM täiskasvanuharidus) and professional associations (such as, Association of Construction Entrepreneurs) convened to debate on the green transition and real estate.

Furthermore, in line with the description of the measure:

- **The objective of the reform is to improve the green transition in the business sector.**

As outlined on page one in paragraph two of the Directive, the Green Transition Task Force coordinates and monitors the implementation of the “Green transition of enterprises”

reform. Specifically, paragraph four of the Directive states that the members of the Task Force convene when necessary, working groups to support the objective of the reform, namely implementing measures for the green transition of companies.

- **The reform shall consist of the set-up of a broad-based Green Transition Task Force to foster cooperation between the green technology stakeholders.**

As mentioned on page one under paragraph one of the Directive, the Green Transition Task Force shall consist of different public sector representatives. Due to the inclusion of the stakeholder and interest groups in the amendment of the Directive under paragraph one and two, the Green Transition Task Force is broad-based and fosters cooperation between all the green technology stakeholders.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 28	Related Measure: 2.3. Green technologies development programmes	
Name of the Milestone: Establishment of a working group to plan and set up the development programme		
Qualitative Indicator: Recruitment of a project manager and set up of a working group		Time: Q4 2021
<p>Context:</p> <p>Milestone 28 is part of investment 2.3, which aims at contributing to the green transition of companies by fostering the development and spreading of innovative green technologies.</p> <p>Milestone 28 concerns the establishment of a working group to plan and set up the Green Technologies Development Programme. A project manager shall be recruited and a broad-based group of stakeholders shall be set up to coordinate investment planning and implementation.</p> <p>Milestone 28 is the first step of the implementation of reform 2.3 on Green Technologies development programmes and it will be followed by milestone 29, target 30 and target 31. Milestone 29 concerns the setup of the Green Technologies Development Programme. Target 30 concerns the number of clusters supported through the Green Technologies Development Programme and target 31 concerns the number of start-ups supported through the Green Technologies Development Programme.</p> <p>The investment has a final expected date for implementation on 30 June 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. Copy of the work contract with the project manager ("<i>Tööleping nr 7-5/226</i>") (hereinafter referred to as "work contract"), 12 January 2022. First annex to the notice of the establishment of a working group and the invitation to its first meeting by the Ministry of Environment containing the member list of the working group (hereinafter referred to as "member list") ("<i>Rohetehnoloogiate arendusprogrammide tööühm</i>", 13 January 2022, No. 4-17/22/176). <p>The authorities also provided:</p> <ol style="list-style-type: none"> Second annex to the notice of the establishment of a working group and the invitation to its first meeting by the Ministry of Environment entailing the activities and timetable of the working group (hereinafter referred to as "annex defining activities and timetable of the 		

working group”) (“*Rohetehnoloogiate arendusprogrammide töörühm*”, 13 January 2022, No. 4-17/22/176).

- v. Copy of the job description of the project manager (hereinafter “the job description of the project manager”), 12 January 2022 (“*Arengu ja koostöökoja roheinnovatsiooni projektijuhi ametijuhend*”).
- vi. Copy of the protocol of the meeting of the Green Technology Development Programmes Working Group, 25 May 2022 (hereinafter “the protocol of the working group meeting on 25 May 2022”) (“*Rohetehnoloogiate arendusprogrammide töörühma kohtumine*”).
- vii. Copy of the protocol of the meeting of the Green Technology Development Programmes Working Group, 02 February 2022 (“*Rohetehnoloogiate arendusprogrammide töörühma kohtumine*”).
- viii. Copy of the protocol of the meeting of the Green Technology Development Programmes Working Group, 23 February 2022 (“*Rohetehnoloogiate arendusprogrammide töörühma kohtumine*”).
- ix. Copy of the protocol of the meeting of the Green Technology Development Programmes Working Group, 18 January 2023 (“*Rohetehnoloogiate arendusprogrammide töörühma kohtumine*”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **A project manager shall be recruited.**
The work contract shows that a project manager was recruited. The contract lasts from 18 January 2022 until 30 June 2026. It is a contract between the project manager and the Environmental Investment Centre (*Keskkonnainvetseeringute keskus - KIK*).
- **[...] and a broad-based group of stakeholders shall be set up to coordinate investment planning and implementation.** The member list on page one confirms that the group of stakeholders is broad-based and hence consists of stakeholders from the public and private sector. The members, inter alia, include public sector representatives from relevant ministries, start-up organisations such as “Startup Estonia”, and support organisations such as “Accelerate Estonia”.
- **The role of the project manager shall be set out to gather information from market participants and design the necessary support measures as well as procurement.** According to Article 3(1) of the job description of the project manager, the project manager prepares relevant studies and gather expertise from market participants. As defined in Article 3(1), point 1 of the job description of the project manager, inter alia, the project manager’s task is procurement as well as the preparation of relevant studies, expertise as well as the timely and effective selection of projects.
- **The working group shall:**
 - **Be composed of parties involved in the development of entrepreneurship; and**
The members of the working group is defined in the member list. The members are stakeholders involved in the development of entrepreneurship belonging to the group of incubators and accelerators (NULA incubator; Centre for Environmental Investments; StartUp Estonia; TalTech New Business Centre; Let’s do it Foundation; Prototron; Garage48; Accelerate Estonia; Tehnopol), funding institutions (CleanTech Estonia), relevant ministries (Ministry of the Environment; Ministry of Economic Affairs and Communications), and actors in academia (Centre for Enterprise and Innovation, University of Tartu; Tartu Sciencepark; SEI Tallin,).
 - **Meet at least three times a year to take stock of developments in investment-**

<p>related activities; and</p> <p>As outlined on page one of the document on the activities and timetable of the working group, the working group meets at least three times a year. Furthermore, the list of already held meetings is included as evidence, showing that the working group has meet three times during 2022 and once in January 2023.</p> <ul style="list-style-type: none"> ○ Provide recommendations for further action. As outlined on page one of the document on the activities and timetable of the working group, the working group provides recommendations for future actions. The protocol of the working group meeting on 25 May 2022 entails recommendations for further action regarding criteria for the public procurement process for the first development cluster. ○ Draw up provisions for the selection of actions supported under the development programme to ensure that each action directly contributes either to lowering greenhouse gas emissions or supporting adaptation to climate change. According to the annex defining activities and timetable of the working group, the members of the working group provide input on the green transition of companies by checking the compliance with the DNSH principle, by ensuring the contribution to the reduction of greenhouse gas emissions or the support of adaption to climate change. In the protocol of the working group meeting on 25 May 2022, the aforementioned topics were discussed between the stakeholders.
<p>Commission Preliminary Assessment: Satisfactorily fulfilled</p>

Number: 37	Related Measure: 2.6. Green Fund
Name of the Milestone: Signature of contractual agreement between the Ministry of Economic Affairs and Communications and SmartCap	
Qualitative Indicator: Signature of contractual agreement	Time: Q4 2021
<p>Context:</p> <p>The objective of measure 2.6 (Green Fund) is to provide capital for the development of new green technologies in strategic areas such as energy, agriculture, food industry, transport and logistics, materials and chemical industries. The Green Fund will be implemented as a financial instrument providing equity investments to companies, managed by the public fund manager SmartCap. It is meant to provide funding for companies and sectors whose products, services or processes are characterised by research-intensive green technologies and whose activities contribute to solving environmental problems, developing new products, services or technologies that reduce or capture greenhouse gas emissions or are driven by eco-design requirements.</p> <p>Milestone 37 requires a contractual agreement to be signed between the Ministry of Economic Affairs and Communications and the fund manager SmartCap to manage the Green Fund. The contractual agreement is supposed to contain the investment objectives and activities contributing to a climate-neutral economy and to improving resilience to climate change, including awareness-raising measures.</p> <p>Milestone 37 is the first milestone under the investment on the Green Fund and it is followed by milestone 38 related to the adoption of the investment policy document by SmartCap and by targets 39 and 40, related to setting the target volume of investments in venture capital funds or equity investments in enterprises. The investment has a final expected date for implementation in Q2 2026.</p>	
Evidence provided:	

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Green Fund Rules – The document sets out the investment policy and rules for the Green Fund. The Rules were signed on 9 December 2021 and amended on 3 June 2022, on 3 May 2023 and on 15 June 2023 (hereinafter referred to as “Green Fund Rules”).
- iii. Copy of the signed contractual agreement between the Ministry of Economic Affairs and Communications and SmartCap. The agreement was signed on 17 December 2021 and is available in the Document Management System of the Ministry of Economic Affairs and Communications: *Rohefondi osakute märkimise leping* No. 1.8-7/21-483 <https://adr.rik.ee/mkm/dokument/12454471> (hereinafter referred to as “contractual agreement”).

The authorities also provided:

- iv. Copy of the signatures printout (hereinafter referred to as “digital signatures”). As the contractual agreement was signed digitally by all parties, electronic signatures provide for proof of signatures and the time of signing the document. The document is available in the Document Management System of the Ministry of Economic Affairs and Communications: *Rohefondi osakute märkimise leping* No. 1.8-7/21-483 <https://adr.rik.ee/mkm/dokument/12454471>.
- v. Copy of the strategy statement, containing the investment policy explanation 2022-2026 of the SmartCap Green Fund investment programme (hereinafter referred to as “Investment policy explanation”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **A contractual agreement shall be signed between the Ministry of Economic Affairs and Communications and SmartCap to manage the Green Fund**
 - The contractual agreement between the Ministry of Economic Affairs and Communications and the fund manager SmartCap was signed on 17 December 2021. SmartCap is established as the Fund’s management company. To perform this role by making equity investments, the Ministry commits through the contractual agreement to provide SmartCap with investment capital up to 100 million euros.
- **[...] which shall contain: investment objectives to invest in enterprises and activities contributing to a climate-neutral economy and to improving resilience to climate change, including awareness-raising measures**
 - Section H of the contractual agreement sets out that the main purpose of the Green Fund is to make investments that contribute to a climate-neutral economy, improving resilience to climate change, solving environmental problems or developing and introducing new products, services or technologies which reduce or sequester greenhouse gas emissions. The same section also states that the investments of the Fund aim to promote the six environmental objectives provided in Article 9 of the Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council, which serve the objective of achieving a climate-neutral Union by 2050.
 - The Investment policy explanation 2022-2026 agreed by the Ministry and SmartCap Green Fund, section 3.1.3. “Development of the Estonian capital market, raising

awareness and diversifying the offer of equity investments”, details how awareness-raising activities will be conducted in order to mobilise additional private capital to increase and diversify equity investments for innovative green technology companies: results of market studies will be made publicly available where possible and awareness-raising activities will be based on the economic sector or area in which the green technology companies operate, or the willingness of market participants to adopt green technologies and the main obstacles (for example information days for market participants or the general public, consultation, media communication or other measures).

- **[...] which shall contain: eligibility criteria for compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) of supported beneficiaries through the use of sustainability proofing, an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation**
 - The Green Fund Rules set out the eligibility criteria for compliance with the DNSH Technical Guidance, which are part of milestone 38 of the same measure:
 - Article 4.1.1. stipulates that European Union's climate and environmental standards and priorities must be followed and no significant harm within the meaning of Article 17 of the Taxonomy Regulation must be done; Article 4.1.3. stipulates that where applicable, the Management Company carries out sustainability proofing within the meaning of Article 8(5) of Regulation (EU) 2021/523 of the European Parliament and of the Council before making the Investment;
 - The milestone requirement to use an exclusion list is interpreted in the sense that the exclusion list is used for the purpose of not deriving more than 50% from the exclusion list or adopting green transition plans in case 50% are exceeded. This is in accordance with the measure description which gives the *"requirement for beneficiaries that derived more than 50% of their revenues during the preceding financial year from activities or assets in the exclusion list to adopt and publish green transition plans"*. Accordingly, Article 4.1.4 specifies that if the Target Company has derived more than 50% of its consolidated revenue during one of the three financial years preceding the Investment from activities and assets enumerated by the DNSH exclusion list, the Fund's assets may be invested in the Target Company only on condition that the Target Company adopts and publishes its green transition plan (Appendix 1 to the Green Fund Rules sets out the guiding principles and minimum requirements applicable to the green transition plans). On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
 - According to Article 4.1.2., when making the Investment, the compliance of the Target Company with the relevant European Union and national environmental legislation must be verified.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 38	Related Measure: 2.6. Green Fund
Name of the Milestone: Adoption of the investment policy document by SmartCap	
Qualitative Indicator: Investment policy document adopted by SmartCap	Time: Q4 2021
Context: The objective of measure 2.6 (Green Fund) is to provide capital for the development of new green technologies in strategic areas such as energy, agriculture, food industry, transport and logistics, materials and chemical industries. The Green Fund will be implemented as a financial instrument managed by the public fund manager SmartCap and will provide funding for companies and sectors	

whose products, services or processes are characterised by research-intensive green technologies and whose activities contribute to solving environmental problems, developing new products, services or technologies that reduce or capture greenhouse gas emissions or are driven by eco-design requirements.

Milestone 38 calls for the adoption of the investment policy document for the Green Fund, in line with the contractual agreement signed between the Ministry of Economic Affairs and Communications and SmartCap (milestone 37). The investment policy document should include the investment objectives and the eligibility criteria to ensure compliance with the 'Do no significant harm' principle through the use of sustainability proofing, the requirement of compliance with the relevant EU and national environmental legislation, and the requirement for beneficiaries that derived more than 50% of their revenues from activities or assets in the exclusion list to adopt and publish green transition plans.

Milestone 38 is the second step under the Green Fund measure and it follows the completion of milestone 37, related to the contractual agreement between the Ministry and SmartCap and will be followed by targets 39 and 40 related to setting the target volume of investments in venture capital funds or equity investments in enterprises. The investment has a final expected date for implementation in Q2 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Green Fund Rules – The document sets out the investment policy and rules for the Green Fund. The Rules were signed on 9 December 2021 and amended on 3 June 2022, on 3 May 2023 and on 15 June 2023 (hereinafter referred to as “Green Fund Rules”).

The authorities also provided:

- iii. Copy of the AS SmartCap supervisory Board resolution of 9 December 2021 – The supervisory board has approved the Rules by unanimous decision.
- iv. Copy of the signatures printout (hereinafter referred to as “digital signatures”). As the contractual agreement has been signed by all parties, digital signatures provide for proof of signatures and the time of signing the document.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **SmartCap shall adopt the investment policy for the Green Fund, in line with the contractual agreement signed between the Ministry of Economic Affairs and Communications and SmartCap [...]**
 - The investment policy for the Green Fund is set out in the Green Fund Rules adopted on 29 August 2022. Also, the unanimous decision of the supervisory board to establish SmartCap Green Fund and to adopt the investment policy for the Green Fund approved on 9 December 2021 has been provided. The investment policy adopted is in line with the contractual agreement signed between the Ministry of Economic Affairs and Communications and SmartCap, which sets out that the Fund is to provide capital for the development of new green technologies in strategic areas and to offer equity investments to companies through the public management company SmartCap as direct equity or quasi-equity investments and through other investment funds. The Green Fund rules, which describe the investment policy for

the Green Fund in more detail, are annexed to the contractual agreement.

- **[...] including the investment objectives**
 - Article 2.2 of the Green Fund Rules sets out the investment objectives.
 - Article 2.2 of the Green Fund Rules provides for the investment objectives. According to this article, the objective of the Fund is to grow the assets of the Fund by making investments in companies that create technological breakthroughs to solve environmental problems and achieve a climate-neutral circular economy, and thereby also contribute to the development of the local capital market and business environment. The fund creates the supply of capital to develop new green technologies in strategic areas (energy, agriculture, food industry, transport and logistics, material and chemical industry, and the environment) and thereby finances innovative research-intensive green technology companies the activities of which potentially contribute to climate-neutral economy, improving resilience to climate change, solving environmental problems or the development and introduction of new products, services or technologies which reduce or sequester greenhouse gas emissions. The investments of the Fund contribute to the fulfilment of the objectives arising from the strategy “Estonia 2035” and also aim to promote the objectives provided in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation).
 - Section 3 details general characteristics of the investment policy, notably the fact that 100% of the assets of the Fund are invested in innovative and/or research-intensive green technology companies and that the Fund’s assets may be invested only in Investment Funds that apply the principles of responsible investment.
- **[...] and the eligibility criteria to ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) of supported beneficiaries through the use of sustainability proofing, the requirement of compliance with the relevant EU and national environmental legislation, and the requirement for beneficiaries that derived more than 50% of their revenues during the preceding financial year from activities or assets in the exclusion list to adopt and publish green transition plans.** The Green Fund Rules set the eligibility criteria for compliance with the DNSH Technical Guidance:
 - Article 4.1 sub-paragraph 1 stipulates that European Union's climate and environmental standards and priorities must be followed and no significant harm within the meaning of Article 17 of the Taxonomy Regulation must be done;
 - Article 4.1 subparagraph 3 stipulates that where applicable, the Management Company carries out sustainability proofing within the meaning of Article 8(5) of Regulation (EU) 2021/523 of the European Parliament and of the Council before making the Investment;
 - Article 4.1 subparagraph 4 specifies that if the Target Company has derived more than 50% of its consolidated revenue during one of the three financial years preceding the Investment from activities and assets enumerated by the DNSH exclusion list, the Fund's assets may be invested in the Target Company only on condition that the Target Company adopts and publishes its green transition plan (Appendix 1 to the Green Fund Rules sets out the guiding principles and minimum requirements applicable to the green transition plans);
 - According to Article 4.1 sub-paragraph 2, when making the Investment, the compliance of the Target Company with the relevant European Union and national environmental legislation must be verified.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 44	Related Measure: 3.1. Creation and development of a centre of excellence for data governance and open data	
Name of the Milestone: Setting up a data management team in the Statistical Office, the Ministry of Economic Affairs and Communications and the State Information System Authority		
Qualitative Indicator: Establishment of the necessary organisational structure for coordinating data management		Time: Q4 2021
<p>Context:</p> <p>The objective of the measure is to foster better management of the data collected and held by the Estonian public authorities. It aims at improving the quality of the data, increasing its use for decision-making as well as its availability as open data so that it may also be reused by other stakeholders.</p> <p>Milestone 44 consists of the creation of a centre of excellence (Data Management Team) to coordinate and support the development of data governance in other public authorities. By the end of 2021, at least five people shall be recruited across the three entities (Statistics Estonia, Ministry of Economic Affairs and Communications and the State Information System Agency).</p> <p>Milestone 44 is the first step of the implementation of the reform, and it will be followed by targets 45 and 46 related to the completion of data quality improvement projects and to the publication of datasets on the national open data portal, respectively. As the initial step of the measure, the establishment of the Data Management Team allows Estonia to develop data governance and data sharing tools/information systems. The Data Management Team will implement the measure's next target (T45), which consists of 430 completed projects that contribute to ensuring improved reusability of data from public institutions with up-to-date and accurate descriptions of databases and datasets.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. The summary document includes details about the newly established teams (such as their composition and when employees were recruited for their new job). ii. As annexes to the summary document, copies of the description of the responsibilities (job description) of seven recruited employees. iii. As annexes to the summary document, copies of employment contracts of the seven recruited employees. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> • Creation of a Data Management Team in Statistics Estonia through the recruitment of expert staff tasked with coordinating the data governance framework and supporting other public authorities. The establishment of a Data Management Team has been completed through the recruitment of expert staff who have been tasked with coordinating the data governance framework and supporting other public authorities. To demonstrate this, copies of the descriptions of the responsibilities (job descriptions) of the newly recruited employees across the three entities have been provided. Furthermore, employment contracts, demonstrates that seven members of the Data Management Team were recruited. 		

- **In addition, posts shall be created at the Ministry of Economic Affairs and Communications and at the State Information System Agency to carry out development projects. By the end of 2021, at least five people shall be recruited across the three entities.** Details about the newly established teams, such as their composition and when employees were recruited on their new job, have been provided in the summary document. Four people were hired by Statistics Estonia (SA) in 2021. Two programme managers were hired by the Ministry of Economic Affairs and Communications in 2021. One person was hired by the Information System Authority (RIA) in 2021. In total, seven people were hired across three entities by the end of 2021. Therefore, in line with the description of the milestone, , by the end of 2021, at least five people have been recruited across the three entities.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 70	Related Measure: 4.4. Boosting the green transition in the energy economy	
Name of the Milestone: Government decision on investments needed to alleviate the defence related height restrictions on wind parks		
Qualitative Indicator: Document adopted by the Government		Time: Q2 2021
<p>Context:</p> <p>The aim of this measure is to contribute to decarbonising the energy production and consumption in Estonia by updating targets and actions of Estonian energy policy, alleviating the defence-related height restrictions on wind parks and by removing administrative barriers to renewable energy installations.</p> <p>Milestone 70 concerns the adoption of a decision by the Government on making the necessary investments to alleviate the defence related height restrictions on wind parks.</p> <p>Milestone 70 is the first step of the implementation of the reform on boosting the green transition in the energy economy, and it will be followed by Milestone 71 related to the launch of the revision process of the National Energy Development Plan, Milestone 72 related to the adoption of guidance materials and if needed, legislation to alleviate barriers on renewable energy installations and Milestone 73 related to the adoption of the revised National Energy Development Plan.</p> <p>The reform has a final expected date for implementation by 31 December 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. <p>The authorities also provided:</p> <ol style="list-style-type: none"> ii. Cabinet decision - excerpt from the Government Cabinet meeting of 29 April 2021. iii. Agenda of the government meeting of 29 April 2021 where the decision was made. iv. Public Information Act regulating non-disclosure of restricted and sensitive information, published in the national Official journal (issue RT I 2000, 92, 597 of 1 January 2001). v. Letter from the Ministry of Defence to the Defence Resources Agency summarising the decision of 15 July 2021, signed by Secretary General of the Ministry. vi. Proof of signature by Secretary General of the Ministry of Defence for the above letter of 15 July 2021. vii. Letter from the Ministry of Economic Affairs to a local municipality explaining the decision, 01 June 2021, signed by Deputy Secretary General for Energy and Mineral Resources of the Ministry. 		

viii. Publicly available news about alleviation of the defence related height restrictions on wind park in mainland (Business Gazette of 1 May 2021).
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> • The Government shall adopt a decision on making the necessary investments to alleviate the defence related height restrictions on wind parks. <p>The Estonian Government adopted a decision on making the necessary investments to alleviate the defence related height restrictions on wind parks on the mainland during a closed Government Cabinet meeting on 29 April 2021. Estonian authorities provided an excerpt of a classified document - the summary of the Government Cabinet meeting - which includes this decision. In addition, other official documents further explaining the contents of the decision, were also provided.</p> <p>According to the information provided as evidence (ii-viii), the decision included the following elements:</p> <ul style="list-style-type: none"> ○ The Government decided that the Ministry of Defence makes the necessary investments on mainland (these investments were described in detail in Chapter 6 of the Memorandum submitted to the Government Cabinet meeting) of up to 37.5 million euros for boosting the production of renewable electricity and in order to alleviate defence related height restrictions. <p>Furthermore, in line with the description of the measure, the measure is expected to contribute to removing barriers to renewable energy installations. The letter from the Ministry of Economic Affairs describes how prior to the decision, only 14% of mainland Estonia was suitable for wind parks development due to defence-related restrictions. The decision enabled to open more than 60% of mainland for wind parks development.</p>
Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 71	Related Measure: 4.4. Boosting the green transition in the energy economy
Name of the Milestone: Adoption of the decision of the Government on the initiation of the preparation process of the National Development Plan of the Energy Sector, the designation of those responsible and deadlines	
Qualitative Indicator: Adoption of the decision of the Government	Time: Q4 2021
<p>Context:</p> <p>The aim of this measure is to contribute to decarbonising the energy production and consumption in Estonia by updating targets and actions of Estonian energy policy, alleviating the defence-related height restrictions on wind parks and by removing administrative barriers to renewable energy installations.</p> <p>Milestone 71 consists of the Government decision on initiating the preparation process of the National Development Plan of the Energy Sector, defining the responsible entities and setting the relevant deadlines. The plan would be approved by the Government by Q4 2025.</p> <p>Milestone 71 is the second step of the reform, and it follows the completion of milestone 70, which concerns the adoption of a decision by the Government on making the necessary investments to alleviate the defence related height restrictions on wind parks. It will be followed by milestone 72 related to the adoption of guidance materials and if needed, legislation to alleviate barriers on renewable energy installations and milestone 73 related to the adoption of the revised National Energy Development Plan.</p>	

The reform has a final expected date for implementation by 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Government decision on initiating the preparation process of the National Development Plan of Energy Sector approved on 18 November 2022, defining the responsible entities and setting the relevant deadlines, and reference to the relevant provisions indicating the entry into force (hereinafter referred to as “the decision”).

The authorities also provided:

- vi. Link to the official news about the Government decision of 18 November 2022, which explains the content of the decision.
- vii. Link to the background documents containing the proposal for the adoption of the National Development Plan of Energy Sector informing the decision in the state database of official documents, including impact assessments (hereinafter referred to as “the proposal”).
- viii. Link to the background documents containing the table of validations by other institutions on informing the decision in the state database of official documents, including impact assessments (hereinafter referred to as “the table”).
- ix. Government coalition agreement for the years 2021-2023 (hereinafter referred to as “coalition agreement”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **Government decision on the initiation of the preparation process of the National Development Plan of the Energy Sector shall be approved**
 - Page 2 of the decision indicates that the Government decided to initiate the preparation process of the National Development Plan of the Energy Sector (hereinafter referred to as “the Plan”). The decision was made at the regular meeting of the Government on 18 November, 2021. The decision designates the responsible entities for the development of the Plan and sets the deadline for submission of the Plan. Therefore, the initiation process for the preparation of the Plan was approved at Government level, in line with the requirements of the milestone.
- **[...] defining the responsible entity(ies)**
 - The second paragraph of the decision designates the Ministry of Economic Affairs and Communications as the ministry responsible for drawing up the development plan, and the Ministry of Rural Affairs, the Ministry of Finance, the Ministry of the Environment, the Ministry of Education and Research, the Ministry of Defence, the Ministry of the Interior, the Ministry of Social Affairs and the State Chancellery as the government agencies involved in the development of the Plan.
- **[...] and setting the relevant deadlines.**
 - The third paragraph of the decision establishes that the Ministry of Economic Affairs and Communications must submit the National Development Plan of Energy Sector to the government for approval in December 2025.
- **The development plan shall address, inter alia, the objectives of increasing renewable**

energy production, energy efficiency and maintaining and improving security of supply, as well as the cessation of the use of oil shale for electricity production in 2035 and the phasing out of shale oil production by 2040.

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of milestone 71 and has undertaken the assessment on a revised basis. The milestone requires the Government to adopt a decision on the initiation of the preparation process of the National Development Plan defining the responsible entities and setting the relevant deadlines. The milestone description also includes elements that the Development Plan should include, however, it is not specified that these should be included in the above-mentioned government decision, which is the qualitative indicator of the milestone. Furthermore, the contents of the plan are included in milestone 73 under the same reform so these can be validated at the stage, where assessing the Plan to be developed. Against this background, the justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

In particular, the proposal and the table submitted to the Government include the proposal to the Government on the revision of the National Development Plan of the Energy Sector. It specifies that the Development Plan should include actions related to energy production, supply and increase of energy efficiency. The purpose of the plan is to update the direction of energy economy in Estonia and to describe the vision, goals, bottlenecks and policy instruments in moving towards climate neutral energy production and consumption and in guaranteeing energy security (page 3 and 4 of the Proposal to the Government included in the background documents). The Plan includes activities related to energy production and supply and increasing energy efficiency on the following topics:

- Ensuring energy security
- Transition to renewable energy
- Increasing energy efficiency.

Estonia has also provided the coalition agreement of the 53rd Government of the Republic of Estonia (coalition agreement signed in 2021). On page 10 of the Chapter Energy, the coalition agreement commits to exit from oil shale-based electricity production by 2035 and from use of oil shale in the energy sector by 2040 at the latest. Estonia has explained in the summary document that when updating the Energy Sector Development Plan, the government shall consider the commitment of the Government in the coalition agreement from 2021 to phase out electricity production from oil shale by 2035 and use of oil shale in energy production by 2040. According to the proposal to adopt the National development Plan of Energy Sector, the Plan aims to prepare Estonian economy to phase out from oil shale production as stated on page 7 in the first paragraph, but also referring to the climate neutrality by 2050. The proposal document also makes reference on page 5 to the basis of Fit for 55 package, Green Deal and Strategy Estonia 20352, which fixes as one of the goals a

2 https://europeaeu.sharepoint.com/:w:/r/teams/GRP-EstoniafullCountryteam-RECOVERandECFINsharedchannel/_layouts/15/Doc.aspx?sourcedoc={D07CFD79-9136-44CA-890E-82E00A4FD2EF}&file=Estonia - 1st payment request - Preliminary assessment - clean_A2_B4.docx&wdLOR=cCF30D020-C729-464C-A3DF-9DED97D0B66F&action=default&mobileredirect=true Action Plan of the Government of the Republic (11 May 2023)

transition to climate-neutral energy production (including the gradual reduction of the share of oil shale energy and the development of climate-neutral energy production and storage solutions).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 74	Related Measure: 4.5. Programme to strengthen the electricity grid to increase renewable energy production capacity and adapt to climate change (such as protection against storms)	
Name of the Milestone: Signature of network investment co-financing contract with transmission system operator		
Qualitative Indicator: Signature of a contract with the transmission system operator		Time: Q1 2022
<p>Context:</p> <p>The aim of this investment is to contribute to decarbonising the Estonian electricity production by increasing the connection capacities available for renewable energy production. Under this measure, the transmission system operator’s investments into the transmission grid shall be co-financed with the aim of adding at least 310 MW of additional connection capacity.</p> <p>Milestone 74 requires a co-financing agreement for electricity network investments to be concluded between the Ministry of Economic Affairs and Communications and Elering AS. The expected results and deadlines shall be set out in the contract.</p> <p>Milestone 74 is the first step of the implementation of the investment, and it will be followed by Target 75, which requires additional renewable energy connection capacity created via investments into the transmission network. The investment has a final expected date for implementation in Q2 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the co-financing agreement for electricity network investments between the Ministry of Economic Affairs and Communications and Elering AS, signed by signatories on 28 February 2022, Document management system of MoEC No. 1.1-7/22-120 (hereinafter referred to as “the co-financing agreement”). iii. Printout of the agreement signatures (hereinafter referred to as “digital signatures on the agreement”). 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> • A co-financing agreement for electricity network investments shall be concluded between the Ministry of Economic Affairs and Communications and Elering AS. The Co-financing agreement for electricity network investments between the Ministry of Economic Affairs and Communications and Elering AS has been signed by the Ministry of Economic Affairs and Communications and Elering AS on 28 February 2022. • The contract shall set out the expected results. The expected results are set out in the co- 		

<p>financing agreement and include:</p> <ul style="list-style-type: none"> ○ Point 1.5.1.: Reinforcement of 330 kV overhead lines (330 kV reconstruction of Kiisa-Paide overhead line; 330 kV reconstruction of the Blackwater-Paide overhead line); ○ Point 1.5.2.: Construction of Lihula 330/110 kV sub-station; ○ Point 1.5.3.: Reinforcement of 110kV power grid (in locations stated in points 1.5.3.1-1.5.3.7: Construction of a new overhead line 110 kV L170 Lihula – Virtsu; 110 kV L035/L036 Reconstruction of the Lihula-Rõuste overhead line; Construction of the new Rõese-Virtsu overhead line; L173 Construction of the parallel line (overhead line) of butterküla – Orissaare; L175 Sikassaare Leis overhead line construction of separate masts from line L176 Sikassaare-Valjala; L017 Reconstruction of Kiisa-Rummu overhead line; lifting the gauge for low-capacity overhead lines); ○ Point 1.5.4.: Laying submarine cables I and II in Väike Väin; Expanding Orissaare sub-station; and construction of the reactive power compensation device (30 Mvar). <ul style="list-style-type: none"> ● The contract shall set out the expected deadlines. The final deadline for achieving all results is 30 June 2026 (as stated in part 1.7. of the agreement). The deadlines for achieving intermediate objectives are set in part 1.8: <ul style="list-style-type: none"> ○ implementation of investments covering at least 30 % of the total project value by 31 December 2022; ○ implementation of investments covering at least 80 % of the total project value by 31 December 2023; ○ award of all contracts necessary for the execution of the works have been awarded and 20 % of the works ordered under the contracts have been carried out and received from the contractor by the beneficiary, by 31 December 2024; ○ 70 % of the works have been carried out and received from the contractor by the beneficiary, by 31 December 2025; ○ 100 % of the works have been carried out and received by the beneficiary from the contractor (except for work underwriting and warranty obligations), by 30 June 2026.
<p>Commission Preliminary Assessment: Satisfactorily fulfilled</p>

Number: 81	Related Measure: 5.1. Deployment of safe, green, competitive, needs-based and sustainable transport and energy infrastructure	
Name of the Milestone: Adoption of the Transport and Mobility Development Plan 2021-2035 by the Government		
Qualitative Indicator: Adoption of the Transport and Mobility Development Plan 2021-2035		Time: Q1 2022
<p>Context:</p> <p>The objective of reform 5.1 is to reduce the CO₂ emissions of the transport sector and incentivise the uptake of sustainable modes of transport. The measure consists of the adoption and implementation of the new Transport and Mobility Development Plan and the related Implementation Plan.</p> <p>According to milestone 81, the Estonian Government shall approve the Transport and Mobility Development Plan 2021-2035. The Plan shall consist of such developments as the creation of the Tallinn capital region common transport system and active urban mobility in bigger towns, actions to facilitate uptake of local biomethane and to develop sustainable, multimodal infrastructure,</p>		

increasing the rail connections, making the maritime transport sector more competitive, multimodal and greener and developing faster and safer road transport. The Plan shall include a target to reduce CO₂ emissions by 700 000 tons (or 30%) compared to 2018 levels and reach a share of renewables in the energy consumed in the transport sector of 24% by 2035.

Milestone 81 is an initial step towards the implementation of measure 5.1. It will be followed by milestone 82 on the adoption of the Implementation Plan for green sustainable public transport development of the Transport and Mobility Development Plan 2021-2035 and milestone 83 on the implementation of several key measures of the Transport and Mobility Development Plan 2021-2035. The measure has a final expected date for implementation in Q2 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Transport and Mobility Development Plan 2021-2035 (hereinafter referred to as “the Plan”).
- iii. Copy of the Annexes to the Transport and Mobility Development Plan 2021-2035 (hereinafter referred to as “the annexes”).
- iv. Copy of the proof of adoption by the Government of the Transport and Mobility Development Plan from 11 November 2021 (hereinafter referred to as “the proof of the adoption”).
- v. Copy of the Letter from the Ministry of Economic Affairs and Communications of Estonia on the clarification on the RRP milestone number 81 (No. 24.8-4/3435-1 from 27 June 2023) (hereinafter referred to as “the clarification letter”).
- vi. Copy of the Report of the Environmental Impact of the Transport and Mobility Development Plan 2021-2035 from 01 October 2021 (hereinafter referred to as “the Report on the Environmental Impact of the Plan”).
- vii. Copy of the Action Plan of the Government of Estonia “Estonia 2035” from 28 April 2022 (hereinafter referred to as “the Action Plan Estonia 2035”).

The authorities also provided:

- viii. Copy of the explanatory memorandum to the Transport and Mobility Development Plan.
- ix. Copy of the submission to the agenda of a decision to be entered in the minutes of the Government of the Republic on “Adoption of the Transport and Mobility Development Plan 2021-2035”.
- x. Copy of the Rail Infrastructure Action Plan 2021-2028.
- xi. Copy of the State Budget Investment Plan 2022-2025.
- xii. Copy of the Estonian Public Transport Development Plan 2021-2025.
- xiii. Copy of the Government press release on the adoption by the Government of the Transport and Mobility Development Plan 2021-2035 from 10 June 2021.

Analysis:

The justification and substantiating evidence provided by Estonian authorities cover all constitutive elements of the milestone.

- **The Transport and Mobility Development Plan 2021-2035 shall be approved by the Government.** The Plan was approved by the Estonian Government on 11 November 2021 (item 20 in the agenda of the Estonian Government meeting from 11 November 2021), as

evidenced by the proof of the adoption.

- **The Plan shall include:**

- **the creation of the Tallinn capital region common transport system:** Chapter 5.1 (page 22) of the Plan states its aim to create a special plan for the Tallinn circular railway, which includes the feasibility and profitability analysis of its construction in stages. In addition, Chapter 7.2 (page 39) of the Plan describes the development of the common ticket system for public transport. The part of the Plan does not only focus on the city of Tallinn, but also on the Tallinn capital region as a larger agglomeration of Tallinn capital and Harjumaa county (where Tallinn is located) (page 5 of the Plan). These elements, together with the actions described below, can be considered sufficient for the creation of the Tallinn capital region's common transport system. To better understand the concept of the common ticketing system, Chapter 7.2 on page 39 of the Plan explains that the aim is to create a unified pan-Estonian ticket sales system, where the same ticket products/channels can be used on both public and commercial lines regardless of the mode of transport (e.g. cross-usable tickets on different transport modes). Concerning the pricing, it should be affordable for low-income people through discounts, but also attractive for higher income users. Packaged (e.g. zone-based) tickets offer greater potential for improving service quality across the country, i.e. the opportunity to use ticket revenue to improve connection frequencies and service quality, but also combining with demand-based transport modes. Also, the Plan foresees the development of a unified ticket system with neighbouring countries, regions or cities, such as the widest possible harmonization of the Tallinn-Helsinki ticket system.
- **actions to facilitate uptake of local biomethane:** Chapter 4 (page 18) of the Plan describes the state support for the introduction of environmentally friendly fuels, such as domestically produced biomethane. As stated in Chapter 3.2 (page 12), more precise measures will be elaborated in cooperation with the Ministry of Environment in the future. The Estonian Public Transport Development Plan 2021-2025 states on page 16 that one of the actions is the use of biomethane buses. The Annexes (page 21) quote as related actions kilometre-based biomethane support, support for the production of biomethane and support for constructing biomethane fuel stations.
- **actions to develop sustainable and active urban mobility in bigger towns following the logic of integrated transport corridors:** Chapter 6.5 (pages 34-35) of the Plan describes the design of the urban traffic space suitable for sustainable movement, including developing cycle paths, light rail transport and multimodal hubs to increase the share of sustainable modes of transport and the regeneration of public transport and to reduce the environmental footprint of transport. Page 35 of the Plan lists actions such as the development of user-friendly, functional and safe bicycle path networks in urban areas, taking into account, among others, light mobility devices (electric scooters, normal scooters, electric wheelchairs, etc.). The integrated transport corridors are a combination of transport modes in an efficient and seamless way. Page 35 of the Plan describes that the purpose of building a cycle path network is to enable safe daily movements and to improve the availability of efficient public transport. In heavily loaded and/or narrow streets, it is important to clearly separate the modes of transport, taking into account pedestrians. As another concrete action, the Estonian Public Transport Development Plan 2021-2025 foresees action 2.5. Construction of priority multimodal public transport interconnected nodes and improving pedestrian and bicycle access to public transport. Also, measure 5.4. in the Plan foresees special courses for city planning

agents to improve their knowledge on integrating sustainable transport modes into urban space. Chapter 5.1. of the Plan allocates ca 200 million euros to actions developing sustainable urban mobility, such as building bicycle paths. Chapter 3 (page 6) sets as targeted areas for the Plan Tallinn-Harjumaa region and all urban areas, thereby focusing on all bigger towns in Estonia which have an urban character.

- **planning multimodal infrastructure:** The Plan describes that multimodal infrastructure should be developed as follows: Chapter 6.5 (page 34) for urban transport planning to improve the planning and synergy between different transport modes; Chapter 6.1 (page 25) for freight information (once only principle - an e-government concept that aims to ensure that citizens, institutions, and companies only have to provide certain standard information to the authorities and administrations once before the operations or upon registration to e-government system) and Chapter 7.2 (page 39) for common ticket system for public transport. Chapter 5.1. foresees ca 200 million euros for the development of sustainable urban traffic and lists the development of multimodal urban nodes as one of the actions.
- **increasing the connections, speed and safety of rail.** Furthermore, in line with the description of the measure, **the Plan shall include railway investments that shall be directed towards increasing the speed and safety of journeys and adding connections for both passenger and freight transport:** Chapter 6.2 (pages 28-29), of the Development Plan describes the different paths to develop sustainable, fast and safe rail mobility in synergy with other modes of transport. In terms of safety, the Plan proposes to update traffic control systems and to build multi-level crossings to increase the safety level of railway transport. To increase the speed, the Plan proposes to focus on developing ERTMS (European railway traffic management system), creating new crossing places and straightening curves to eliminate different stopping factors. In addition, the Plan fixes as an objective to increase by 2035 the share of rail freight compared to road transport to 40% in Chapter 4 (page 14). The Plan also proposes concrete measures in increasing rail connections for both passenger and freight transport under Chapter 5.1 (page 21), for example, the construction and the completion of the Rail Baltica project, electrification of the railways as well as increasing the speed up to 160 km/h to become more competitive with road transport. The same Chapter 5.1 also plans 2.3 billion euros of investments in railways for the actions listed above.
- **making the maritime transport sector more competitive and greener and connect it multimodally:** Chapter 6.3 (pages 30-31) of the Development Plan focuses entirely on the actions necessary to make the maritime transport sector more competitive and greener and connect it to other transport infrastructure. Among other measures, it lists actions to encourage emission-free shipping by connecting ships to on-shore power supply, introducing energy-efficient modern technologies, such as automatic mooring devices, differentiating port fees based on environmental criteria, making the ship's journeys operational and avoiding the unnecessary stopping of the ships in roadways or ports by using digital solutions.
- **developing faster and safer road transport:** Chapter 6.1 (pages 27-28), of the Plan describes how Estonia will develop faster and safer roads. The Plan's main actions concentrate on reconstructing smart and safe roads in three main directions (Tallinn-Tartu, Tallinn-Narva, Tallinn-Pärnu) to reduce spatial-temporal distances of cities and to create 5G readiness.
- **a target to reduce CO₂ emissions by 700 000 tons (or 30%) compared to 2018 levels and reach a share of renewables in the energy consumed in the transport sector of 24% by 2035:**

Firstly, the Plan includes a reference on page 3 to an objective to reduce CO₂ emissions by 669,05 kt compared to 2019 and to the level of 1700 kt. The baseline for emission reduction is the level of emission from 2019, which is 2369 kt. The reduction target by 2035 is 1700 kt, which makes 669 kt (or approx. 28% reduction compared to 2019). Page 12 of Annexes indicates that the initial level of CO₂ emissions in 2018 was 2427.67 kt.

According to the Annexes, the level of emissions in 2018 is 2404.7 kt and the reduction target is a 27% reduction compared to 2018, with the final goal of reaching 1750 kt by 2035.

The Report on the Environmental Impact of the Transport Plan (SEI ja Hendrickson&Ko) states on page 52 that the reduction goal is 1750 kt by 2035 compared to 2427.67 kt in 2018.

Taking into account the reduction by 727.67 kt by 2035 compared to 2018, it can be concluded that the Transport and Mobility Development Plan includes the target to reduce CO₂ emissions by 29.974%, in line with the requirement of the Council Implementing Decision

The Estonian authorities provided further clarifications on the data included in the annexes of the Plan include .

In particular, Estonia has explained that when the Plan 2021-2035 was approved?, there was a technical decision made to use the latest data available in accordance with governmental strategic planning principles. Therefore, the plan uses as a baseline CO₂ emissions from 2019 instead of 2018. However, the use of the different baseline does not affect the final CO₂ reduction target to decrease the CO₂ emissions in the transport sector to 1700 kt by 2035, which is in line with the Council Implementing Decision. In addition, Estonia explained and provided evidence demonstrating that some contradicting data concerning the CO₂ emission reduction targets in the annexes of the plan (page 33) and the Report on the environmental impact of the Plan (page 52) are due to clerical errors and do not affect the target established by the Plan.

Secondly, concerning the target to reach a share of renewables in the energy consumed in the transport sector of 24% by 2035, the Plan clearly fixes a target to reach a share of renewables in the energy consumed in the transport sector of 24% by 2035 on page 3. In terms of more concrete measures, Chapter 7 (page 2) proposes to transfer public transport to renewable energy.

- Furthermore, in line with the description of the measure, **the focus of the Plan is to reduce the environmental footprint of transport systems and it shall include measures to develop interconnected and shared mobility in urban areas at the expense of private cars and to promote a comprehensive framework of light mobility (on foot or bicycle) in areas outside major urban centres.**

The Plan states clearly the goal of decreasing the environmental impact and increasing the interconnected and shared mobility in its introductory part on page 5. The Estonian Public Transport Plan 2021-2035 presents the following measures: 4.1 Developing statistics of public transport usage trends, 2.5 Development of priority multimodal public transport nodes (including improving waiting conditions and increasing the level of service, Park and Ride service, walking and cycling access to other transport modes). Moreover, Chapter 6.5. of the Plan focuses on the analysis of the targets to help boost the uptake of sustainable transport modes in urban areas to reduce the use of private cars. These targets are: increasing the area of service of public transport by creating connections to major public service providers such as hospitals, medical centres, etc. and decreasing the time spent in public transport by creating special lanes during traffic jams.

In addition, Chapter 6.1. (page 27) also describes several measures foreseen to develop

greener, innovative transport services in rural areas in cooperation with local communities, which will help to develop a framework of light mobility in rural areas.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 89	Related Measure: 5.4. Construction of the Tallinn Old Port tram line
Name of the Milestone: Completion of the tramway construction project design	
Qualitative Indicator: Approval of the project design	Time: Q4 2021
<p>Context:</p> <p>The objective of this measure is to increase the share of sustainable mobility in the Tallinn region by connecting Rail Baltic to sea connections with the Nordic countries through Tallinn Old Port.</p> <p>Milestone 89 concerns the completion of the tramway construction project design, and its adoption by the Tallinn Urban Planning and Utilities Board.</p> <p>Milestone 89 is the first step of the implementation of the investment, and it will be followed by milestone 90 and target 91 related to award of works contract and the new tramway line in operation. The investment has a final expected date for implementation in Q4 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the certificate of adoption of the project design (Instrument of delivery and receipt) dated 31 January 2022, signed by the Tallinn Urban Environment and Public Work Department on 3 February 2022 (hereinafter referred to as "the certificate of the project design"). iii. Copy of the Contract on the conditions of the Project design signed by the Tallinn Urban Environment and Public Work Department from 22 April 2020 (hereinafter referred to as "the contract"). iv. Copy of the building permit for the construction of the Tallinn Old Port tram line (2212271/03828) issued on 11 February 2022 (hereinafter referred to as "the building permit"). <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. Copy of the Printout of the digital signatures of the certificate. vi. Copy of the printout of the digital signatures of the building permit showing proof that the building permit has been signed on by the person(s) in charge. vii. Copy of the Annex of the tendering documentation PT 2011802-02958 Vanasadama trammiliin 22 April 2020 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.</p> <p>In their request for payment, the Estonian Authorities made reference to the existence of a clerical error in the Council Implementing Decision, with respect to the description of milestone 89.</p> <p>In particular, the Council Implementing Decision required the Tallinn Urban Planning and Utilities Board to adopt the design of the tramway construction project. Instead, the Tallinn Urban Environment and Public Works Department (<i>Tallinna Kesklinna- ja Kommunaalamet</i>) has adopted</p>	

the design and awarded the contract for the design and construction of the tramway line. The reference to the Tallinn Urban Planning and Utilities Board in the milestone description constitutes a clerical error related to the incorrect translation that Estonian authorities provided in the past. The correct translation of *Tallinna Keskkonna- ja Kommunaalamet* into English is the Tallinn Urban Environment and Public Works Department.

The Commission considers that this is a clerical error and has undertaken the assessment on this basis.

In particular:

- **Tallinn Urban Planning and Utilities Board shall adopt the design of the tramway construction project.** The certificate of the project design confirms the adoption of the project design for the construction of the Tallinn Old Port tramline between Gonsiori street and Põhja Puiestee. The certificate was issued by the Tallinn Urban Environment and Public Work Department (Tallinna Keskkonna- ja Kommunaalamet) and adopted by the Tallinn Urban Environment and Public Works Department. Furthermore, in line with the description of the measure, around 2 km of rail shall be constructed. As evidenced in the building permit (page 20), the length of the rail construction is 2 km.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 106	Related Measure: 6.3. Strengthening primary health care	
Name of the Milestone: Entry into force of the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on access to specialised medical care		
Qualitative Indicator: Entry into force of legislative amendments to the Decree of the Government		Time: Q3 2020
<p>Context:</p> <p>The objective of measure 6.3 is to ensure access to general medical care, improve the continuity of treatment and make provision of primary health care more flexible and human-centred. The measure consists of three milestones.</p> <p>Milestone 106 aims at improving the access to specialised care by extending the use of e-consultation in primary care allowing patients to be advised by a specialist without having to consult them face-to-face.</p> <p>Milestone 106 is the first step of the implementation of measure 6.3. It is followed by milestone 107, which provides for the financing of fixed costs and services for general practitioners in order to increase the allocation of resources to primary medical practice outside metropolitan areas, especially in remote areas, and to increase patients' access to diagnostic and screening services by Q1 2021. The final milestone 108 aims at ensuring continuity of primary care and extend the rights of nurses to prescribe medicines to patients. The reform has a final expected date for implementation in Q1 2023.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. Copy of Regulation No. 64 of the Government of the Republic of Estonia of 13 August 2020 amending "The list of health care services of the Estonian Health Insurance Fund" 		

(hereinafter referred to as “Regulation No. 64” and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/118082020001>.

- iii. Copy of Regulation No. 98 of the Government of the Republic of Estonia of 18 December 2020 amending “The list of health care services of the Estonian Health Insurance Fund” (hereinafter referred to as “Regulation No. 98” and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/123122020016>.

The authorities also provided:

- iv. Copy of the Explanatory letter to the draft Regulation of the Government amending the list of health care services of the Estonian Health Insurance Fund since 1 September 2020 and provided a link to the Government Informational System <https://eelnoud.valitsus.ee/>.
- v. Copy of the 2021 financial year report of the Health Insurance Fund and provided a link to the publication: <https://www.haigekassa.ee/haigekassa/finantsaruanded-ja-eelarve>.
- vi. Link to the Health Insurance Act of 19 June 2002 (hereinafter referred to as “Act”) published in the Official Journal <https://www.riigiteataja.ee/en/eli/501062023001/consolide>
- vii. Copy of the Act on the Government of the Republic of Estonia of 13 December 1995 and provided a link to the publication in the Official Journal <https://www.riigiteataja.ee/en/eli/502012023006/consolide>

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

- **Entry into force of legislative amendments which shall improve the access to specialised care by extending the use of e-consultation in primary care allowing patients to be advised by a specialist without having to consult them face-to-face. Entry into force of the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on access to specialised medical care.**
 - The Council Implementing Decision required the entry into force of the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on access to specialised medical care. The list of health care services was amended by Regulations No. 64 and No. 98. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Estonian internal legislation, the Estonian government can only issue regulations and orders. The regulations have the same legal affect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
 - Regulation No. 64 was adopted by the government on 13 August 2020, published in the Official Journal on 18 August 2020 and in accordance with Article 82 of the same Regulation, it entered into force on 1 September 2020. Regulation No. 98 was adopted by the government on 19 December 2020, published in the Official Journal on 23 December 2020 and entered into force on 1 January 2021, based on Article 84 of the same Regulation.
 - Regulation No. 64 amended Article 9 (27) of Regulation No. 19 to expand the possibilities of e-consultation in primary care in the field of six additional specialities:

infectious diseases, general surgery, medical genetics, pediatric surgery, oral, facial and jaw surgery and neurosurgery. As a result of this legislative amendment, patients have been advised by specialists in e-consultation in a total of 29 medical specialties since 1 September 2020. According to the evidence provided by the Estonian authorities, the number of e-consultations sent by family doctors to specialists has increased by around 33% in 2021 in comparison to 2020.

- Furthermore, Article 30 (8) of Regulation No. 98 extended the list of remote services in the primary health care with remote occupational therapy and remote physical therapy with the aim to increase the availability of these services especially in remote/rural areas.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 107	Related Measure: 6.3. Strengthening primary health care	
Name of the Milestone: Entry into force of amendments to the Decree of the Government which amends the list of health care services of the Estonian Health Insurance Fund on costs and services of general practitioners		
Qualitative Indicator: Entry into force of legislative amendments to the Decree of the Government		Time: Q1 2021
Context:		
<p>The objective of measure 6.3 is to ensure access to general medical care, improve the continuity of treatment and make provision of primary health care more flexible and human-centred. The measures consist of three milestones.</p> <p>Milestone 107 aims at providing for the financing of fixed costs and services for general practitioners in order to increase the allocation of resources to primary medical practice outside metropolitan areas, especially in remote areas, and to increase patients' access to diagnostic and screening services by Q1 2021.</p> <p>Milestone 107 is the second step of the implementation of measure 6.3. This milestone is preceded by milestone 106 on improving the access to specialised care by extending the use of e-consultation in primary care by Q3 2020. The final milestone 108 aims at ensuring continuity of primary care and extend the rights of nurses to prescribe medicines to patients. The measure has a final expected date for implementation in Q1 2023.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of Regulation No. 19 of the Government of the Republic of Estonia of 19 March 2020 amending "The list of health care services of the Estonian Health Insurance Fund" (hereinafter referred to as "Regulation No. 19" and a link to the publication in the Official Journal https://www.riigiteataja.ee/akt/124032020014). iii. Copy of Regulation No. 29 of the Government of the Republic of Estonia of 18 March 2021 amending "The list of health care services of the Estonian Health Insurance Fund" (hereinafter referred to as "Regulation No. 29" and a link to the publication in the Official Journal https://www.riigiteataja.ee/akt/123032021022). iv. Copy of Regulation No. 98 of the Government of the Republic of Estonia of 18 December 		

2020 amending “The list of health care services of the Estonian Health Insurance Fund” (hereinafter referred to as “Regulation No. 98” and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/123122020016>.

The authorities also provided:

- v. Copy of Regulation No. 116 of the Government of the Republic of Estonia of 19 December 2019 amending “The list of health care services of the Estonian Health Insurance Fund” (hereinafter referred to as “Regulation No. 116” and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/128122019006>.
- vi. Copy of the Explanatory letter to the Regulation of the Government amending the list of health care services of the Estonian Health Insurance Fund since on 1 April 2020 and provided a link to the Government Informational System <https://eelnoud.valitsus.ee/>.
- vii. Copy of the Explanatory letter to the Regulation of the Government amending the list of health care services of the Estonian Health Insurance Fund since on 1 January 2021 and provided a link to the Government Informational System <https://eelnoud.valitsus.ee/>.
- viii. Copy of the Explanatory letter to the Regulation of the Government amending the list of health care services of the Estonian Health Insurance Fund since on 1 April 2021 and provided a link to the Government Informational System <https://eelnoud.valitsus.ee/>.
- ix. Copy of an excel table presenting the changes of the base and additional financing of the family doctors in the period from 1 January 2020 to 1 April 2021.
- x. Copy of the 2021 financial year report of the Health Insurance Fund and provided a link to the publication <https://www.haigekassa.ee/haigekassa/finantsaruanded-ja-eelarve>.
- xi. Copy of the Inter-active data about the absorbtions of the Operational and Examination funds and provided a link <https://app.powerbi.com/view?r=eyJrIjoizmQyZGQzNzktODY2Ny00ZTU1LWlZzZWItMTNhYmUxZDEzM2MyliwidCI6IjJiMWJmNzQ4LWZmMGMtNGU5ZC1hZDMzLTBiMzkwMzEzYWlxMyIsImMiOjh9>.
- viii. Link to the Health Insurance Act of 19 June 2002 (hereinafter referred to as “Act”) published in the Official Journal <https://www.riigiteataja.ee/en/eli/501062023001/consolide>
- ix. Copy of the Act on the Government of the Republic of Estonia of 13 December 1995 and provided a link to the publication in the Official Journal <https://www.riigiteataja.ee/en/eli/502012023006/consolide>

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

In particular:

- **Legislative amendments shall enter into force providing for the financing of fixed costs and services for general practitioners in order to increase the allocation of resources to primary medical practice outside metropolitan areas, especially in remote areas, and to increase patients’ access to diagnostic and screening services. Entry into force of amendments to the Decree of the Government which amends the list of health care services of the Estonian Health Insurance Fund on costs and services of general practitioner**

- The Council Implementing Decision required the entry into force of the amendments to the Decree of the Government, which amends the list of health care services of the Estonian Health Insurance Fund on costs and services of general practitioner. In line with that requirement, the Government Regulation on “The list of health care services of the Estonian Health Insurance Fund” was amended in 2020 and 2021. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Estonian internal legislation, the Estonian government can only issue regulations and orders. The regulations have the same legal effect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. Regulation No. 19 was adopted by the government on 19 March 2020, published in the Official Journal on 31 August 2020 and, in accordance with its Article 81, entered into force on 1 April 2020. Regulation No. 98 was adopted by the government on 19 December 2020, published in the Official Journal on 23 December 2020 and, in accordance with its Article 84, entered into force on 1 January 2021. Regulation No. 29 was adopted by the government on 18 March 2021 and, in accordance with its Article 83, entered into force on 1 April 2021. Government regulations No. 116 states that the regulation is issued based on Articles 30(1) and 33(1) Act according to which the list of health services of the Health Insurance Fund is established by a regulation of the Government of the Republic.
- Regulations No. 19 amended Article 3(2) of Regulation No. 116 regarding the criteria and rate of two allowances in order to ensure the availability of primary care in rural areas as follows:
 - a) While Regulation No. 116 provided to pay additional fees if the place of business of a general practitioner working with an approved practice list was located 20-40 km from the nearest hospital, Regulation No. 19 broadened the territorial coverage so that a general practitioner working with an approved practice list can receive the additional fee if the practice is located outside Tallinn or Tartu and the municipalities directly bordering them (financed under code 3054). This amendment contributes to increasing the availability of primary care in rural areas by including all of the territory of Estonia outside of the two large urban centres for general practitioners to work in the countryside.
 - b) The allowances under code 3054 were increased from EUR 196 to EUR 823. Furthermore, additional support is provided to general practitioners who work more than 40 km from the nearest hospital (financed under code 3055) by increasing the allowances from EUR 563 to EUR 1646. Such a significant increase was introduced with a view to incentivising general practitioners to work in more remote rural areas (notably not just outside Estonia’s two main cities) and to reduce the inclination to leave remote areas, especially where it would be difficult to find replacements.
- Regulations No. 29 and No. 98 introduced further amendments as follows:
 - a) Article 3 (2) of these Regulations increased the base financing for general practitioners both for individual practices (code 3051) and working in health centres (3092). The increased financing aimed at updating the software licence fees, adding the equipment for the physiotherapy room, as well as adding the financing of online registration service ensuring the smooth administration of vaccination against SARS-Covid 19 in all general practitioner centres. The base

	<p>financing for working in health centres is 2.5 times higher than that of a general practitioner working with an approved practice list (EUR 4130 versus EUR 1807). The reason for this is to incentivise health professionals to work in health centers which can provide a broader range of health services and thus provide better primary care to patients across the country.</p> <p>b) In order to ensure continuity of health care in rural areas, Article 9 was added in Regulation No. 98 which provides for the payment of travel expenses for doctors and nurses to ensure a temporary replacement service. This additional service aims at ensuring the availability of general medical care in the event of a prolonged period of absence of health care professionals.</p> <p>c) Article 3 (11) of Regulation No. 29 provides that a two-list health centre is financed similarly to a three-list health centre in case certain conditions are met (for instance availability of additional basic services such as home nursing service and physiotherapy service, or space requirements). The change ensures funding for start-up health centres, especially in the rural area.</p> <ul style="list-style-type: none"> o Regulation No. 19 modified Article 3 (16)-(17) of Regulation No. 116 and increased the financing of diagnostic and screening services by around 8% with the aim to improve patients' access to the diagnostic and screening services. o Furthermore, the increase in allowances for general practitioners and for working in health care centres (see above the section on codes 3055 and 3054, and codes 3051 and 3092) ensures a better availability of primary health care in rural/ remote areas, thus improving the access to diagnostic and screening services for patients.
Commission Preliminary Assessment: Satisfactorily fulfilled	

Number: 113	Related Measure: 6.6. Providing labour market measures to reduce youth unemployment	
Name of the Milestone: Entry into force of the Decree of the Minister of Health and Labour to strengthen the “My First Job” scheme		
Qualitative Indicator: Entry into force of the Decree of the Minister of Health and Labour		Time: Q1 2022
Context:		
<p>The objective of measure 6.6 is to help young people with little work experience get into employment.</p> <p>The milestone aims at defining the characteristics of the “My First Job” scheme and the conditions for its implementation, including financing and target group. With the support of the scheme, young people without work experience or with little work experience can gain work experience and improve their skills to participate in the labour market.</p> <p>Milestone 113 is the first step of the implementation of measure 6.6 and is followed by milestone 114 on the adoption of the reinforced Youth Guarantee Action Plan by Q2 2022. The final step of the measure is target 115 providing for the participation of at least 3178 young people aged 16-29 in the “My First Job” scheme. The measure has a final expected date for implementation in Q4 2025.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive 		

elements) was satisfactorily fulfilled.

- ii. Copy of Directive No. 50 of the Minister of Health and Labour of 17 March 2022 on the 'Provision of employment services to young people for recovery from the effects of the COVID-19 crisis (hereinafter referred to as "Directive") and provided a link to the publication of the legislation in the register of the Ministry of Social Affairs <https://adr.rik.ee/som/dokument/11820036>.

The authorities also provided:

- iii. Copy of the letter digitally signed by the Minister of Health and Labour proving that the Directive is implemented from 31 March 2021.
- iv. Copy of a document proving the validity of the digital signature of the Minister
- v. Copy of the Act on the Government of the Republic of Estonia of 13 December 1995 and provided a link to the publication in the Official Journal <https://www.riigiteataja.ee/en/eli/502012023006/consolide>
- vi. Copy of the explanatory memorandum for the programme of "My First Job" and provided a link to the publication of the legislation in the register of the Ministry of Social Affairs <https://adr.rik.ee/som/dokument/11820036>.
- vii. Copy of the Budget of the programme "My First Job" and provided a link to the publication of the legislation in the register of the Ministry of Social Affairs <https://adr.rik.ee/som/dokument/11820036>.
- viii. Copy the Directive of the Minister of Health and Labour, defining the characteristics of the scheme and the conditions for its implementation, signed on 17 March 2022 and provided a link to the publication in the public document register of the Ministry of Social Affairs <https://adr.rik.ee/som/dokument/11820036>.
- ix. Copy of the monitoring report of the project by the Estonian Unemployment Insurance Fund
- x. Copy of the conditions of the "My First Job" scheme and a link to the website <https://www.tootukassa.ee/et/teenused/tooandjatele/minu-esimene-tookoht>.
- xi. Link to Regulation No. 108 of the Government of 2021 on the "Organisation of the implementation of the recovery and resilience plan and general conditions for granting support" published in the Official Journal (hereinafter referred to as "Regulation No 108") <https://www.riigiteataja.ee/akt/120062023004>.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

In particular,

- **Entry into force of the Decree of the Minister of Health and Labour which shall define the characteristics of the ["My First Job"] scheme and the conditions for its implementation, including financing and target group. The aim of the scheme shall be to enable young people without work experience or with little work experience to gain work experience and to improve their skills to participate in the labour market. Furthermore, in line with the description of the measure, the legislation on the renewed "My first job" (M1T) scheme shall have two components: a wage subsidy paid to the employer and the reimbursement of the training costs of a young person. A wage subsidy and training allowance (up to EUR 2 500)**

shall be paid to an employer who employs a young person between 16 and 29 years old and registered as unemployed with no or only short-term work experience

- The Council Implementing Decision requires the entry into force of the Decree of the Minister of Health and Labour to strengthen the “My First Job” scheme. In line with that requirement, Directive No 50 was signed by the Minister of Health and Labour on 17 March 2022 and it entered into force on the day of its signature in accordance with Article 52(4) of the Act on the Government of the Republic of Estonia of 13 December 1995. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Estonian internal legislation, the Minister in Estonian can only issue regulations and directives. The directives have the same legal affect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. Directive No 50 lays down the characteristics of the My First Job scheme and the conditions of its implementation, including financing and the target group as required by the milestone. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- Characteristics and aim of the scheme:
 - Article 2.1 provides that, in order to increase the employability of young people and reduce unemployment, the scheme aims at encouraging young people to gain work experience and develop their skills and knowledge to participate in the labour market.
 - Article 3.1 specifies, also in line with the description of the measure, that in order to implement the “My first job” scheme, a wage subsidy is paid to the employer when a young person falling into the scope of the scheme is employed on open-ended contract or with a fixed-term employment contract of at least one year and, if necessary, the cost of vocational training of the young worker is reimbursed. The need for and participation in the training must be agreed in advance with the Estonian Unemployment Fund.
 - The responsibilities for implementation are laid down in Article 6, notably that the body implementing the scheme is the Estonian Unemployment Insurance Fund. The obligations of the implementing body are specified in Article 10.
- Target group: Articles 3.1.1 and 3.2.1 lay down the target group, notably 16-29 year olds,
 - who are registered as unemployed and have not been in employment during the last three months or have been temporarily employed for less than 30 days
 - who have no or only short-term professional experience (worked for less than one year in the last three years or completed less than two years in total).
- Financing: In line with the description of the measure, Article 8 provides for the eligible costs for both components of the scheme, notably for wage subsidy and for training costs, as follows:
 - Article 8.2.2 specifies that a wage subsidy is paid to the employer in case of employing a young person belonging to the target group with an open-ended or at least one-year employment contract.
 - Article 8.2.3 provides that the scheme can finance training cost up to EUR 2500 (excluding VAT) to the employer of a young person belonging to the target group.
 - Article 9 lays down the conditions and procedure for coverage of the eligible costs.
- **In line with the description of the measure, the M1T measure shall be integrated with**

other services, in particular with follow-on support to young people and employers beyond the start of the employment relationship.

- Article 3.1 lays down that, if necessary, a follow-on service can be provided to the young person who has taken up employment with a wage subsidy for the “My first job” scheme within six months of taking up employment, providing advice to the young person and their employer and, where necessary, involving the local authority and service providers and the young person’s close network to support their stay in employment.
- With a view to ensure integration with other services, Article 3.2 specifies that in order to support young people starting work and staying employed, the Estonian Unemployment Insurance Fund develops a training program for young people and provides appropriate trainings. The purpose of the training programme is to provide young people with knowledge of the labour market, develop general skills (including digital and green skills, financial education) and introduce employment opportunities (including company visits and job shadowing).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 124	Related Measure: 7.1. Monitoring and implementation of the plan
Name of the Milestone: Entry into force of the Government Regulation on the legal framework for the implementation and monitoring of the recovery and resilience plan of Estonia.	
Qualitative Indicator: entry into force of government regulation	Time: Q4 2021
<p>Context:</p> <p>The objective of the reform is to set the legal framework for the implementation and monitoring of the recovery and resilience plan. It shall define the roles played by relevant public entities in the implementation of the plan and how these bodies carry out their tasks.</p> <p>Milestone 124 refers to the adoption of the regulation spelling out the legal framework that defines the authorities involved in the implementation of the recovery and resilience plan of Estonia and their tasks including the tasks of the Ministry of Finance, the sectoral ministries and the State Shared Service Center.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the publication in the Official Journal of the regulation “Organisation of implementation of the recovery and resilience plan and general conditions for granting support”, establishing the legal framework for the implementation and monitoring of the Recovery and Resilience Plan (hereinafter referred to as “the Regulation”). <p>The authorities also provided:</p> <p>Link to the regulation (https://www.riigiteataja.ee/akt/101122021005)</p>	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonia authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> ● Entry into force of the regulation establishing the legal framework for the implementation 	

and monitoring of the recovery and resilience plan of Estonia before the first payment request is made.

- The Regulation was published in the Official Journal on 1 December 2021 (publication reference: RT I, 01.12.2021, 5) and entered into force on 4 December 2021. The copy of the Regulation is available at the link provided in the summary document.
- **The regulation shall at least define the authorities involved in the implementation of the recovery and resilience plan of Estonia and their tasks including the tasks of the Ministry of Finance, the sectoral ministries and the State Shared Service Center.**
- The Regulation defines the authorities involved in the implementation of the recovery and resilience plan of Estonia and their tasks, including the tasks of the Ministry of Finance, the sectoral ministries and the State Shared Service Center as follows:
 - Section 3 of the Regulation defines the authorities involved;
 - the tasks of the Ministry of Finance are described in section 4 (1) points 1-10;
 - additional tasks of the Ministry of Finance as an Auditing Authority are described in section 4 (4) points 1-3 and in sub-sections 5 and 6.
 - the tasks of the sectoral ministries are described in section 4 (2) points 1-7,
 - additional tasks that the ministries can carry out including the investments and reforms (by ministerial directive (section 8) or as an investment project (section 6),the tasks of the State Shared Service Centre are described in section 4 (3) points 1-7,

Commission Preliminary Assessment: Satisfactorily fulfilled

[Second instalment]

Number: 1	Related Measure: 1.1. Digital transformation in enterprises
Name of the Milestone: Call for proposals with award criteria and award conditions	
Qualitative Indicator: Publication of the notice of the call for proposals	Time: Q2 2022
Context: <p>The objective of investment 1.1 is to foster the digital transformation of businesses with a particular focus on SMEs and micro-enterprises. Specifically, financial support shall be provided for businesses covering one or several of the following aspects: the adoption of digital technologies, the development of industrial data clouds, industrial research, development, testing and piloting activities, feasibility studies, advisory and support services and training of staff. The funding shall be allocated through open calls for proposals setting out the relevant eligibility and award criteria, in compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01).</p> <p>Milestone 1 concerns the publication, by the Ministry of Economic Affairs and Communications, of the call for proposals to support the digital transformation of businesses, and of the award criteria. The evaluation criteria and conditions for granting support shall be based on the analysis of the needs of Estonian companies, as well as the expected impact of the measure. The eligibility criteria shall ensure compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01).</p> <p>Milestone 1 is the first step of the implementation of investment 1.1, and it is followed by milestones 2 and 3 related to the number of grants awarded to enterprises.</p> <p>The investment has a final expected date for implementation on 31 December 2025.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii. Copy of the Regulation of the Minister of Entrepreneurship and Information Technology on the terms and conditions of support for the digital transformation of enterprises (<i>Ettevõtete digipöörde toetuse tingimused ja kord</i>) published in State Gazette No. 65 of 17 August 2022 (hereinafter referred to as the "Regulation").iii. Copy of the amendment of the Regulation of the Minister of Entrepreneurship and Information Technology on the terms and conditions of support for the digital transformation of enterprises (<i>määruse nr 65 Ettevõtete digipöörde toetuse tingimused ja kord</i>) published on 5 July 2023 and entered into force on 8 July 2023 (hereinafter referred to as the "amended Regulation").iv. Copy of the decision of the Board of Estonian Business and Innovation Agency on opening the call for proposals which entered into force on 31 August 2022, (hereinafter referred to as "the decision").v. Publication of the call for proposals on the Enterprise Estonia webpage (https://eas.ee/grants/digipoorde-toetus/). <p>The authorities also provided:</p> <ol style="list-style-type: none">vi. Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021-2035 issued by the Ministry of Economic Affairs and Communications (https://www.hm.ee/en/media/1614/download).vii. Impact analysis issued by Civitta Eesti AS (https://eas.ee/wp-content/uploads/2022/09/aruanne_digiinvesteeringu-meetme-mojude-hindamise-	

- viii. metoodika.pdf).
- ix. DNSH guidelines for applicants and DNSH form.
- x. Copy of the decision of the Board of Estonian Business and Innovation Agency on the approval of implementing documents which entered into force on 31 August 2022.
- xi. The evaluation methodology and description of the threshold for awarding the grant (https://eas.ee/wp-content/uploads/2022/08/hindamismetoodika-digi_ver1.pdf)
- xii. Press releases on opening the call for proposals on 31 August 2022.
- xiii. List of facilities and compliance with Emission Trading System (ETS) requirements.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **A call for proposals to support the digital transformation of businesses, together with the award criteria, shall be published by the Ministry of Economic Affairs and Communications.**
 - The Ministry of Economic Affairs and Communication issued a Regulation which, under subparagraph 3 of paragraph 13, specifies that the opening of the call is announced by the Estonian Business and Innovation Agency on its website in consultation with the Ministry of Economic Affairs and Communication. The Regulation also sets out the award criteria under paragraph 11 “Requirements for the applicant”, paragraph 12 “Requirements for application” and paragraph 17 “Evaluation of projects, evaluation criteria and procedure.” The Regulation entered into force on 22 August 2022, as established in the preamble, and the call for proposals was published by the Estonian Business and Innovation Agency on the webpage of Enterprise Estonia on 31 August 2022. Whilst the publication of the call by the Agency and not the Ministry constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this deviation concerns internal procedures of Estonia, and the formal delegations by the Ministries to an implementing body for the exercise of its competences. As of this, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- **The evaluation criteria and the conditions for granting support shall be defined on the basis of an analysis of the needs of Estonian companies and the expected impact of the measure.** The needs of Estonian companies are analysed in the Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021-2035 of the Ministry of Economic Affairs and Communication (hereinafter “the Strategy”), which was submitted as evidence. In particular, according to the Strategy (pages 7 and 8), “Business environment services [in Estonia] lack sufficient automation and have not been designed and developed in a user- driven (event-driven and proactive) way, nor are they based on innovative solutions (artificial intelligence, real-time services), resulting in a high administrative burden for the enterprise. Estonia is at risk of remaining a low value-added country for outsourcing, a slow-growing member of the EU.” As stated in subparagraph 3 of the Regulation, the objective of the present investment is to support automation and the deployment of digital technologies in Estonian businesses. This is in line with the needs identified in the Strategy and shows that the investment is addressing the issue of the scarce implementation of digital solutions by the Estonian enterprises. The objective of the measure is reflected in the award criteria, where in particular the impact of the project activities on the achievement of the objectives of the measure represents the main criterion. The expected impact of the measure is analysed in the impact analysis by Civitta Eesti AS, which was submitted as evidence. According to the impact analysis, the measure is expected to impact the following

indicators: increase of export turnover, growth of added value per employee, number of entrepreneurs receiving the funds, number of projects funded, continuation of the actions funded after the end of the project, decrease of days of inventory on hand, growth of total productivity, number of entrepreneurs who invest towards an effective use and management of data, the size of investments made to tangible and intangible assets, the ratio of the growth of the added value and the budget of the projects.

- **Eligibility criteria shall also ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and compliance with the relevant EU and national environmental legislation.**

- Paragraph 7 of the amendment to the Regulation sets out an exclusion list to ensure that the selected projects comply with the “Do no significant harm” Technical Guidance (2021/C58/01). According to it, the following activities and the acquisition of related assets are not eligible for support:
 - fossil fuel related activities and acquisitions of assets along the downstream production chain, with the exception of projects related to electricity or heat production and natural gas transmission and distribution infrastructure that meet the conditions set out in Annex III to the Technical Guidelines of the European Commission 2021/C 58/01 Technical guidance on the application of the ‘do no significant harm’ principle under the Recovery and Resilience Facility (OJ C 58, 18.2.2021, p. 1–30);
 - activities and acquisitions of assets under the European Union Emissions Trading System with projected greenhouse gas emissions not lower than the relevant benchmarks;
 - activities related to landfills and the acquisition of assets;
 - activities and the acquisition of assets relating to a waste incineration plant, except where the activity is carried out exclusively in a plant treating non-recyclable hazardous waste or in an existing plant and the activity is aimed at increasing energy efficiency, collecting waste gases for storage or use or recovering materials present in the incineration ash, provided that the activity does not increase the plant’s waste treatment capacity or extend the lifetime of the plant;
 - activities and acquisitions of assets relating to a MBT plant, unless the activity is carried out in an existing MBT plant and the activity is aimed at increasing energy efficiency or modernising the recycling of separated waste for composting or anaerobic digestion of bio-waste, provided that the activity does not increase the plant’s waste treatment capacity or extend its lifetime; (6) activities and acquisitions of assets where the long-term disposal of waste may adversely affect the environment.’
- The exclusion list is further specified and completed in subparagraph 6 of paragraph 12 of the amendment to the Regulation, where it is stated that in the case of installations subject to the scheme for greenhouse gas emission allowance trading within the European Union, the application shall, in addition, contain the following information:
 - the unique identifier, name, location and installation identification code of the installation or aircraft operator identifier in the European Union Transaction Log;
 - the projected level of greenhouse gas emissions per unit of product;
 - a brief description of the technology used;
 - where the projected greenhouse gas emissions of the supported activity are not significantly lower than the relevant benchmark value due to Commission

Implementing Regulation (EU) 2021/447 determining revised benchmark values for free allocation for the period 2021-2025 pursuant to Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 87, 15.3.2021, p. 29–34), an explanation of the reasons why this is not possible shall be provided.

- Subparagraph 4 of paragraph 12 of the amendment to the Regulation requires the applicant to use the Technical Guidance on the application of ‘Do no significant harm’ under the Recovery and Resilience Facility Regulation (2021/C58/01).

Furthermore, in line with the description of the measure:

- **The objective of the measure is to foster the digital transformation of businesses with a particular focus on SMEs and micro-enterprises.**
 - The Regulation lays out the terms and conditions of support for the digital transformation of enterprises. The objective of the Regulation is outlined in paragraph 3, which is to support automation and the deployment of digital technologies and robots.
 - Additionally, according to paragraph 8 subparagraph 8 of the Regulation, SMEs and micro-enterprises are entitled to more categories of aid than large enterprises and benefit from a higher support rate, thus demonstrating that the Regulation has a particular focus on the digital transformation of SMEs and micro-enterprises.
- **This financial support, which shall be complemented with the companies’ own resources, shall cover one or several of the following aspects: the adoption of digital technologies, - the development of industrial data clouds, - industrial research, development, testing and piloting activities, - feasibility studies, advisory and support services, - training of staff.**
 - Paragraph 10 of the Regulation establishes the maximum amount, the percentage and the conditions of support per investment. A percentage of the cost incurred by the companies shall be granted, varying between 25% and 50% of the cost depending on the type of investment.
 - Under paragraph 3, subparagraph 1 of the Regulation, the objective to support companies with automation and the deployment of digital technologies is laid out. Under paragraph 7, Estonian authorities outline the concrete activities to be supported with the grant. These include: acquisition of software systems for automation or material assets integrated into machine learning or vision systems; purchase of intangible assets for automation and for the development and deployment of digital technologies in the applicant’s supply chain for the following activities: management software, cloud technologies, cyber-physical systems, data analytics and machine learning, software robots, business solutions related to virtual or augmented reality, three dimensional prototyping and additive manufacturing, cybersecurity and data protection systems, software licences; purchase, development and deployment of digital technologies and robots, as well as consultancy services for automation; remuneration of workers and persons engaged in the development and deployment of digital technologies and robots, as well as automation. These activities relate to the adoption of digital technologies, the development of industrial data clouds, industrial research, development, testing and piloting activities, in line with the requirement outlined in the CID annex.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 11

Related Measure: 1.4. Skills reform for the digital transformation of businesses

Name of the Milestone: Entry into force of secondary legislation setting out the terms of support for the development of digital skills	
Qualitative Indicator: Entry into force of secondary legislation	Time: Q2 2022
<p>Context:</p> <p>Milestone 11 is part of reform 1.4, which aims at strengthening the capacity of businesses at management level to steer and foster the digital transition and ensuring the availability of sufficient ICT professionals with up-to-date skills and knowledge, offering new career opportunities to both the employed and unemployed through upskilling and retraining in ICT, and increasing the participation of women in ICT training and ICT professions. The measure consists of four strands: (I) ICT training of managers in companies; (II) a revision of the content and organisation of the training of ICT experts; (III) a pilot for the redesign of the qualification framework for ICT specialists, and (IV) the upskilling and retraining of ICT specialists.</p> <p>Milestone 11 concerns the entry into force of the secondary legislation necessary for the application and allocation of support for the digital transformation of businesses. The milestone requires that the conditions for support shall be established through secondary legislation, which shall outline the (a) objective of the measure; (b) description of supported activities; (c) beneficiaries and target groups; (d) conditions for implementation; (e) eligible costs and used simplifications; (f) conditions for payments, and (g) conditions for reporting and monitoring.</p> <p>Milestone 11 is the first step of the implementation of reform 1.4 and it will be followed by target 12, related to the number of people and the percentage of women enrolled in the training activities, target 13, related to the number of people and the percentage of women having completed their training course, target 14, related to the number of upskilling and retraining modules developed, and target 15, related to the number of established qualification standards which will be analysed and adapted.</p> <p>The reform has a final expected date for implementation on 30 June 2026.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of Directive No. 1.1 - 2/22/209 of the Ministry of Education and Research “Laying down the conditions for granting the aid ‘Recovery and Resilience Facility’ reform 2 ‘Skills reform for the digital transition of businesses’” published on 4 July 2022 (hereinafter referred to as the “Directive”). iii. Copy of the annex to Directive No. 1.1 - 2/22/209 laying out the terms of support for the development of digital skills (hereinafter referred to as the “annex to the Directive”). iv. The authorities also provided: <ol style="list-style-type: none"> v. Printout of the proof of signatures of the Directive and annex to the Directive. vi. Link to Regulation No. 108 of the Government of 2021 on the “Organisation of the implementation of the recovery and resilience plan and general conditions for granting support” published in the Official Journal (hereinafter referred to as “Regulation No 108): https://www.riigiteataja.ee/akt/120062023004. vii. Government of the Republic Act on the competences of the EE Government https://www.riigiteataja.ee/akt/109082022006?leiaKehtiv. viii. Comments and coordination letters by Ministry of Finance and State Shared Service Centre concerning the secondary legislation necessary for the application and allocation of support for the digital transformation of businesses. ix. Proof of digital signature of the Directive No. 1.1 - 2/22/209 in Documentation management 	

system of Ministry of Education and Research
<https://dok.hm.ee/et/document.html?id=59a5efd0-1f4e-4dee-b759-74234892c99e>.

- x. Action Plan 2023 under the Recovery and Resilience Facility (RRF) measure 'Digital skills to support the digital transformation of businesses.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

In particular:

- **The secondary legislation necessary for the application and allocation of support shall enter into force. The conditions for support shall be established through a ministerial decree [...].** The Council Implementing Decision required the conditions for support to be established through a ministerial decree. The conditions have been established through a Directive. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian internal legislation, a Minister is empowered to only issue regulations and directives. For the implementation of this specific milestone a directive of the minister responsible for the area needs to be issued. The directive has the same legal affect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that this milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. The Directive was published in State Gazette No. 1.1-2/22/209 of 4 July 2022 and entered into force on 4 July 2022 on the same day it was signed, in accordance with paragraph 52 subparagraph 4 of the Government of the Republic Act, which specifies that a minister's directive enters into force on the day it is signed, unless a later deadline is stipulated in the directive itself. The printout of the proof of signatures of the Directive confirms that the Directive was signed on 4 July 2022. Paragraph 9 of the annex to the Directive establishes the conditions for providing support for the development of digital skills. It refers to Section 9(3)(1) and (2) of the Government Regulation of 29 November 2021 no 108 on the Organisation of the implementation of the recovery and resilience plan and general conditions for granting support, according to which the conditions for the award of the grant and the decision granting the application or the financing agreement may provide for payment of the grant on the basis of the costs incurred and paid and on the basis of compliance with the agreed conditions. It also specifies that the grants will be disbursed to achieve the results listed in paragraph 4 of the annex to the Directive, namely: 500 people enrolled in education by Q4 2023; 5 areas in which upskilling and reskilling modules will be launched by Q4 2025; 2000 people participating in upskilling and retraining programmes by Q2 2026; development of 5 professional standards for ICT specialists by Q4 2024. Moreover, it refers to the action plan to be produced by the Ministry of Education and Research and outlined under paragraph 6 of the annex to the Directive to further specify the conditions for payment for each activities under the investment. Lastly, the beneficiary shall check ex-post the results of the activities on the basis of a report on results before disbursing the grant. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- [...] **coordinated with the Ministry of Finance and the State Shared Service Centre.** The Estonian authorities provided as evidence email exchanges between the Ministry of Finance and the State Shared Service Centre containing comments on the draft directive, focusing in particular on the definition and timeline of the objectives of the investment and on state aid. This evidence demonstrates that the Ministry of Education and Research has coordinated with the Ministry of Finance and the State Shared Service Centre when drafting the Directive establishing the conditions for support.

- **The ministerial decree shall consist of the following elements:**
 - **Objective of the measure.** The objective of the measure is outlined in paragraph 2 of the annex to the Directive, namely, to create flexible learning pathways that respond to the evolving needs of the labour market, providing entrepreneurial skills for the digital transformation. The Annex to the Directive forms integral part of the Directive and has the same legally binding value.
 - **Description of supported activities.** The supported activities are described in paragraph 3 of the annex to the Directive and are as follows:
 - setting up of ICT modules and providing learning in higher education and vocational training institutions;
 - development and provision of reskilling and upskilling to develop ICT skills, including: the development and provision of fast reskilling and upskilling programmes for the working-age population; developing knowledge and skills in cybersecurity;
 - an upskilling training programme for small and medium-sized enterprises; and
 - updating of ICT professional standards.
 - **Beneficiaries and target groups.** The beneficiaries and target groups are outlined under each sub-activity of paragraph 3 of the annex to the Directive, namely: working-age people in general and SMEs' managers and employees, depending on the activity.
 - **Conditions for implementation.** The conditions for implementation are laid down in the annex to the Directive: paragraph 6 explains the implementation procedure and establishes that the Department for Higher Education and Vocational Education Policy and Lifelong Learning of the Ministry of Education and Research is responsible for the implementation and delivery of results, while the Education and Youth Board, the Foundation's Chamber of Professionals, higher education institutions and vocational training institutions are involved in the implementation of the activities as partners. Moreover, this procedure entails the drawing up of an action plan by the Ministry of Education and Research specifying the activities to be carried out by the beneficiary and the partners and the breakdown of the budget between them, which was shared by the Estonian authorities; paragraph 7 stipulates the financing period of activities, between 1 July 2022 and 30 June 2026; paragraph 9 stipulates the payment conditions, referring to Section 9(3)(1) and (2) of the Government Regulation of 29 November 2021 no 108 on the Organisation of the implementation of the recovery and resilience plan and general conditions for granting support, specifying that the grants will be disbursed to achieve the results listed in paragraph 4, and referring to the action plan to be produced by the Ministry of Education and Research and outlined under paragraph 6 to further specify the conditions for payment for each activities under the investment]; paragraph 10 stipulates the obligations of the beneficiary and partners, which require that the beneficiary and the partners to keep records of the grant activities for a period of five years if the grant exceeds EUR 60000, for three years in other cases, to comply with the Public Procurement act in case of outsourced services, to respect the principles of sound financial management, to comply with the rules on communication in accordance with Article 12 of the RRP Regulation, to monitor the use of the grants; and paragraph 12 outlines the relevant State aid rules.
 - **Eligible costs and used simplifications.** Eligible costs: according to paragraph 7 of the annex to the Directive, the eligibility period for incurred costs runs between 1 July 2022 and 30 June 2026, while under paragraph 8 subparagraph 2 it is stipulated

that VAT is not eligible. Used simplifications:

- according to subparagraph 1 of paragraph 9, the payments shall be made according to the Regulation “Organisation of implementation of the recovery and resilience plan and general conditions for granting support”, which establishes the grant structure under the RRF that is to be based on real costs and on agreed conditions and results. Moreover subparagraph 3 of paragraph 9 outlines the conditions for payments for project partners. This result-based approach allows to ease the administrative burden for the Estonian authorities and to perform more effective monitoring and evaluation of the results.
- **Conditions for payments.** The conditions for payments are laid down in paragraph 9 of the annex to the Directive, as outlined above.
- **Conditions for reporting and monitoring.** The conditions for reporting and monitoring are laid down in paragraph 11 of the annex to the Directive. Subparagraph 1 of paragraph 11 states that beneficiaries shall submit reports on the results of the activities to the State Support Centre, while subparagraph 2 states that the partners shall report on the results of the activities to the Ministry of Education and Research in accordance with the monitoring and reporting procedures specified in the action plan.

Furthermore, in line with the description of the measure,

- **The measure consists of the four following strands (i) the training of managers in companies (SMEs in particular), in order to increase their ICT skills and knowledge, and raise their awareness about the potential gains from the use of ICT, (ii) a revision of the content and organisation of the training of ICT experts, taking into account the latest technological developments, the growing importance of cybersecurity and the needs of companies, (iii) a pilot for the redesign of the qualification framework for ICT specialist, (iv) the upskilling and retraining of ICT specialists, including in cybersecurity.**
 - The supported activities outlined in paragraph 3 of the annex to the Directive correspond to the ones outlined in the description of the measure. In particular, strands i) and iv) are addressed by the activities under subparagraphs 3.2.1, 3.2.2, 3.2.3 of the annex to the Directive, namely support the development and provision of fast reskilling and upskilling programmes for the working-age population, the set-up a of a continuous training programme to train information security managers, and an upskilling training programme for small and medium sized enterprises; strand ii) is addressed by activities under subparagraph 3.2.2 and 3,3, namely the set-up a of a continuous training programme to train information security managers and updating the ICT professional standards; strand iii) is addressed by activities under subparagraph 3.3, namely updating ICT professional standards.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 16	Related Measure: 1.5. Supporting the competitiveness of enterprises in foreign markets, 1.5.1. Country and regional strategies	
Name of the Milestone: Preparation of the development of strategies		
Qualitative Indicator: Completion of preparatory tasks		Time: Q2 2022
Context: The measure aims to increase the export capacity and competitiveness of Estonian companies, with a focus on those in the ICT sector, and in particular on SMEs. It is split into three sub-reforms: (i) the development of export strategies aimed at specific countries or regions, (ii) the establishment of		

business centres located in key export markets and (iii) the promotion of Estonian products and services through physical, virtual or hybrid missions and events.

Sub-reform 1.5.1 has the objective of developing export strategies which address key target countries and regions with a high growth potential for Estonian companies. These strategies will contain specific chapters on (i) export opportunities for the ICT sector and (ii) the development of digital solutions in different application areas.

Milestone 16 concerns the preparatory tasks needed to draw up export strategies. These tasks include analysing which external markets are important in order to develop strategies, analysing the interests of businesses, and mapping the needs of exporting enterprises to increase their competitiveness on export markets, the ranking of the needs.

Milestone 16 is the first step of the implementation of the sub-reform 1.5.1 of reform 1.5, and it will be followed by milestones 17 and 18, related to the tenders that will be carried out and the number of export strategies which will be developed.

The reform and corresponding sub-reforms have a final expected date for implementation on 30 June 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. A list of selected target markets.
- iii. A sectorial study analysing, mapping and ranking the interests of Estonian exporters, issued by officials of the Ministry of Foreign Affairs on 17 May 2022.
- iv. Analyses and justification for the selection of external markets for which strategies are to be drawn up, issued by Ministry of Foreign Affairs on 19 June 2023.

The authorities also provided:

- v. “Market access analysis for Korea”, issued by by Nowak & PARTNER in May 2022.
- vi. Proposal of 14 February 2023 made by the Ministry of Foreign Affairs to include India into strategic target market.
- vii. Ministry of Foreign Affairs’ Foreign Economy Categorisation Table (Välisministeeriumi välismajanduse kategoriseerimise tabel_), confidential.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **The preparatory tasks needed to draw up export strategies shall be completed.**
Estonia has provided an analysis of which external markets are important in order to develop strategies, an analysis of the interests of businesses, a mapping of the needs of exporting enterprises to increase their competitiveness on export markets, and the ranking of the needs as preparatory tasks. On this basis, the preparatory tasks are deemed to be completed and this element of the milestone description is fulfilled.
- **These tasks include:**
 - **an analysis of which external markets are important to develop strategies.**
 - In chapter 3 of the Analysis and justification for the selection of external markets (hereinafter the “analysis of the markets”), the Estonian authorities outline the main criteria for the selection of external markets to develop strategies. These are:

- The export potential of the market (considering the interest of Estonian businesses) and the potential of foreign direct investment;
- The existence of an embassy or of a decision to open a new embassy; and
- The need to strengthen the Estonian representation in the external market.
- The Estonian Ministry of Foreign Affairs developed an internal categorisation table encompassing the export volumes to 120 external markets and outlining the most important markets as well as foreign policy considerations. The data contained in this table was a criterion supporting the choice of the target markets. The Estonian authorities also conducted interviews with representatives of 13 Estonian business sectors to enquire about their preferred target countries reported in the sectorial study.
- Considering the aforementioned criteria, the Estonian authorities selected the following target markets which are important to develop strategies: Republic of Korea, the United Kingdom, the Gulf region (UAE, Saudi Arabia, Qatar), Singapore, Japan, USA, Africa (Kenya, Namibia, Botswana, Republic of South Africa), ASEAN, Germany, Poland, India, France, Israel. A detailed justification for each of the selected countries is outlined in chapter 4 of analysis of the markets, except for India: initially, the Estonian authorities selected Ireland (that is listed in the analysis of the markets), which was then replaced by India because of a sharp increase of exports in the last three years (reasons outlined in the document “proposal to include India into strategic target market”).
- **an analysis of the interests of businesses, a mapping of the needs of exporting enterprises to increase their competitiveness on export markets, the ranking of the needs.**
 - The Estonian authorities issued a sectorial study analysing, mapping and ranking the interests and needs of Estonian exporters. For the purpose of the study, the authorities conducted interviews with representatives of 13 economic sectors (start-up, ICT, architects and artisans, wood house industry, electronics industry, food industry, finance sector, machinery industries, chemical industry, defence industry, tourism sector, education sector) based on a questionnaire reported in Annex 2 to the sectorial study.
 - The representatives of the sectors were asked to classify, on a scale from 1 to 3, strategic target markets from a predefined list including the United Kingdom, Republic of Korea, Japan, Singapore, Gulf region, Germany, Ireland, Poland, India, Australia, Canada, Spain, Italy, France and Israel, with 3 being a highly attractive target market where companies in the sector are already operating or are planning to make a significant effort to enter the market. The final ranking included 40 markets. Moreover, the representatives of the economic sectors were asked six more questions related to export activities and the need of support from Estonian public bodies in implementing those activities, in order to gather a clearer overview of the needs of the economic sectors involved in terms of export strategies.
 - In Annex 1 of the sectorial study, the outcome of the interviews is presented in the form of a mapping of countries as export destinations, ranked according to the preferences expressed by the representatives of the business sectors. This allows to gather an understanding of the most important markets where Estonian enterprises need to expand their export

volume through the export strategies.
Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 19	Related Measure: 1.5. Supporting the competitiveness of enterprises in foreign markets, 1.5.2. Innovative business centres in key export markets	
Name of the Milestone: Preparatory analysis to define the content and the locations of business centres		
Qualitative Indicator: Delivery of a preparatory analysis		Time: Q2 2022
<p>Context:</p> <p>The measure aims to increase the export capacity and competitiveness of Estonian companies with a focus on those in the ICT sector, and in particular on SMEs. It is split into three sub-measures: (i) the development of export strategies aimed at specific countries or regions, (ii) the establishment of business centres located in key export markets and (iii) the promotion of Estonian products and services through physical, virtual or hybrid missions and events.</p> <p>Sub-reform 1.5.2 has the objective of establishing business centres in seven foreign countries considered as important export markets. The business centres shall be equipped to host physical, virtual and hybrid meeting, receptions and presentations. They shall contribute to promote Estonian companies to support their export activities and attract investments. Their location shall be identified on the basis of an analysis. Their activities shall be carried out in synergy with Enterprise Estonia.</p> <p>Milestone 19 concerns the preparatory analysis allowing (i) the definition of the content and locations of the business centres, (ii) the locations where to set up the business centres to increase demand for Estonian made products and services in export markets.</p> <p>Milestone 19 is the first step of the implementation of sub-reform 1.5.2 of reform 1.5, and it will be followed by milestone 20 related to the number of business centres opened.</p> <p>The reform and corresponding sub-reforms have a final expected date for implementation on 30 June 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, ii. <i>Ettevõtluskeskuste sisu ja asukohtade lähteanalüüs</i> (preparatory analysis to define the content and the locations of business centres) which constitutes the analytical report enabling the selection of content and locations including the corresponding value added for export to be achieved (hereinafter ‘the analytical report’), prepared by the Ministry of Foreign Affairs and published in June 2022. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> ▪ A preparatory analysis allowing the definition of the content and the locations of the business centres shall be prepared by the Ministry of Foreign Affairs. <ul style="list-style-type: none"> ○ The analytical report was prepared by the Ministry of Foreign Affairs. Chapter 1 of 		

the analytical report relates to the content of the business centres in terms of objectives and expected activities to be conducted. It outlines the objectives of the sub-reform (chapter 1.2), their expected added value (chapter 1.3), the vision and concept of business centres in general (chapter 1.5) and as service model (chapter 1.5.1). The tools and activities to be implemented with the business centres (chapter 1.6) relate to the promotion of the reputation of Estonian companies, the coordination of commercial diplomatic activities, the organisation of events, the provision of presentation tools and spaces in and outside the business centres premises.

- Chapter 2 of the analytical report outlines the criteria and the supporting criteria for the selection of the location of the business centres (chapter 2.2), namely. The criteria for the selection of the location of the business centres are the presence of an Embassy and the presence of at least one Economic or Investment Advisor in the Embassy. In case of large or far markets, the presence of export advisers in the Embassy is an additional criterion. The supporting criteria for the selection are the existence of a country/regional strategy and data extracted from an internal confidential categorisation table of the Ministry of Foreign Affairs encompassing the export volumes to 120 external markets and outlining the most important markets as well as foreign policy considerations.
- On the basis of these criteria, 16 States/areas were identified as locations of the business centres: the UAE, the Netherlands, Japan, Latvia, Denmark, Finland, France, Germany, South Korea, Norway, Poland, North America (USA and Canada), Sweden, Singapore, the United Kingdom, Switzerland.
- **The analysis shall reveal where to set up business centres to increase demand for Estonian-made products and services in export markets.**
 - In chapter 2.3 of the analytical report, the Estonian authorities explain that the final seven target markets were chosen by a three-level decision-making process between the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Estonian Investment Agency. The target markets were defined at technical level and validated at senior management level by the three Ministries, and then approved at the level of the Secretary-General of the Ministry of Foreign Affairs. At the end of this process, Japan, Latvia, South Korea, North America (USA and Canada), Germany, Singapore and the United Kingdom were selected as business centres that would increase demand of Estonian-made products and services in export markets. In chapter 2.4 of the analytical report, an overview of the compliance of each selected country with the selection criteria is outlined.
 - In chapter 1 of the analytical report, the Estonian authorities outline the expected added value of the measure, which consists in enhancing the good reputation of the Estonian businesses in the destination country (chapter 1.3), and in contributing to a more systematic implementation of export measures (chapter 1.5). The added value of the measure, as highlighted in the analytical report, contributes to increase demand for Estonian-made products and services because it provides stable points of contact in the target markets to achieve a consistent implementation of export measures in different markets, promote the reputation of the Estonian businesses and attract foreign investments.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 21

Related Measure: 1.5. Supporting the competitiveness of enterprises in foreign

	markets, 1.5.3. Global e-export impact groups and virtual stages
Name of the Milestone: Setting-up of impact groups and selection of destinations for global digital missions	
Qualitative Indicator: Decisions on the composition of the impact groups and the destinations of the global digital missions	Time: Q2 2022
<p>Context:</p> <p>The measure aims to increase the export capacity and competitiveness of Estonian companies with a focus on those in the ICT sector, and in particular on SMEs. It is split into three sub-measures: (i) the development of export strategies aimed at specific countries or regions, (ii) the establishment of business centres located in key export markets and (iii) the promotion of Estonian products and services through physical, virtual or hybrid missions and events.</p> <p>Sub-reform 1.5.3 has the objective of setting up groups of representatives from the public and private sectors for supporting the promotion of Estonian products and services through missions and participation in events. Such events shall include ‘virtual stages’ which aim to enable either an export-related event in Estonia to reach global audiences, or the participation of Estonian exporters in global events organised abroad, through technical solutions combining physical and digital elements.</p> <p>Milestone 21 concerns the selection of impact groups and destinations for global digital missions by the Ministry of Foreign Affairs on the basis of an analysis, with the goals of (i) increasing the added value of Estonian digital services exports, (ii) increasing the export capacity of Estonian companies and (iii) attracting additional foreign investments for innovation.</p> <p>Milestone 21 is the first step of the implementation of the sub-reform 1.5.3 of reform 1.5, and it will be followed by milestone 22 related to the number of missions carried out and events attended.</p> <p>The reform and corresponding sub-reforms have a final expected date for implementation on 30 June 2026.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the analytical report “Global export impact groups and missions in support of competitiveness of enterprises in foreign markets” and annexes, compiled on 30 June 2022 (hereinafter referred to as the analytical report). iii. Copy of an update document defining additional target markets in the African region hereinafter referred to as ‘update of the target markets’). iv. Additional information on the Africa and UK target market impact group, including a link to the Africa Business Forum (https://vm.ee/en/africa-business-forum-innovating-emerging-europe). v. Action Plan of the UK target market impact group. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> • Based on an analysis, the Ministry of Foreign Affairs shall select global digital mission destinations [...]: <ul style="list-style-type: none"> ○ In the analytical report, Estonian authorities define the criteria to select the mission destinations (chapter 5) and outline the selected destinations (chapter 6, Annex1, 	

Annex 2).

- The key criteria described in chapter 5 are:
 - Interest of Estonian enterprises to enter the market or expand exports;
 - Establishment of an Estonian permanent representation in the target market, together with an economic affairs adviser and/or an export adviser;
 - the need of state support to enter the market, in cases where there are no permanent representations established in the market.
- Supporting criteria described in chapter 5 are i) the existence of export strategies and ii) the presence of business centres, to consolidate synergies with sub measures 1.5.1 and 1.5.2.
- On the basis of the aforementioned criteria, the Ministry of Foreign Affairs in joint agreement with the Ministry of Economic Affairs and Communications and Enterprise Estonia has selected the following destinations, as listed in chapter 6: United Kingdom, Germany, Japan, Republic of Korea, Singapore, North America (USA, Canada), United Arab Emirates, Kenya, Ukraine. Estonia also provided an additional document (update of the target markets) containing a justification for the selection of three additional markets in Africa: Namibia, Botswana, and South Africa.
- **[...] and impact groups.** Furthermore, in line with the measure description, the groups shall consist of representatives of both public authorities and other stakeholders, including notably private companies. Moreover, the name of the milestone requires the setting up of the impact groups.
 - The composition of impact groups is outlined in chapter 8 and in Annex 3 to the analytical report. In chapter 8, the Estonian authorities outline the composition of the impact groups:
 - Head of mission (Ambassador, plenipotentiary);
 - Economic and Commercial Affairs advisor of Estonian Embassy in selected destination country;
 - Trade adviser;
 - Investment business development adviser;
 - Honorary consul (in selected markets);
 - Experts from the private sector depending on the focus sector;
 - Business diplomacy advisers from the Ministry of Foreign Affairs;
 - Staff of the Department of Business Diplomacy of the Ministry of Foreign Affairs;
 - Business development manager of e-Estonia presentation centre (for selected destinations and sectors);
 - Other experts and representatives of key ministries or public bodies, dependent on target market needs and focus.
 - In annex 3 to the analytical report, the role, key activities and competences of each member of the impact groups are presented and described.
 - Evidence iv, shows that the first two impact groups, focusing on the United Kingdom and African market, have been set up and started conducting missions. The composition of these impact groups is described in evidence iv and is in line with the outline in chapter 8 and in Annex 3 to the analytical report. The Africa target market impact group has, amongst others, organised the Africa Business Forum in May 2023 (link in evidence iv). The UK target market impact group has, amongst others, drafted an action plan in December 2022 (evidence v).

- **[...] to increase the added value of Estonian digital services exports, increase the export capacity of Estonian companies, among which ICT companies in particular**
 - In chapter 3 of the analytical report, the Estonian authorities explain the added value of the activities envisaged under the sub measure. The added value of the impact groups' missions consists in: longer and more detailed activities in the target markets than traditional business visits; a targeted approach to the export potential and objectives in the target market; VIP visits to increase Estonian visibility in the target markets; pop-up missions in markets where there is no Estonian embassy allow Estonian enterprises to be represented on the ground and may lead to the creation of a new embassy. Moreover, the activities under the sub measure are expected to provide added value on the export rates and on the growth of direct investment, in synergy with the objectives set in the Estonian External Policy Agenda 2030 and in the Estonian R&D, innovation and entrepreneurship (TAIE) development plan, by creating a business environment which would promote Estonian high-value products and services.
 - In chapter 4 of the analytical report, it is specified that the activities under this sub-measure 1.5.3 have a focus on areas with high potential of growth in export. In particular, these activities are to support companies in the field of ICT, digital solutions and digital services, because these companies represent one of the sectors with the highest potential of growth export in the Estonian economy, already producing 11% of Estonian exports.
- **[...] and attract additional foreign investments for innovation.**
 - In chapter 3 of the analytical report, the Ministry outlines that the activities under this sub-measure 1.5.3 contribute to the direct investment volume. According to the report, these activities will promote the Estonian businesses in foreign markets and increase their visibility to foreign investors.
 - In chapter 4 of the analytical report, it is specified that the activities under the sub-measure are to focus on sectors outlined in the existing national strategies to promote entrepreneurship such as the Estonian R&D, innovation and the entrepreneurship (TAIE) development plan. These cover companies in the field of ICT, digital solutions and digital service and in the area of new technologies across different sectors of the economy (financial, cyber, health, green, energy, agriculture, education technologies, smart transport, smart city solutions, etc).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 25	Related Measure: 2.2. Green skills to support the green transition of enterprises	
Name of the Milestone: Entry into force of secondary legislation setting out the terms of support for the development of green skills		
Qualitative Indicator: Entry into force of secondary legislation		Time: Q2 2022
Context: Milestone 25 is part of investment 2.2, which aims at ensuring the availability of high-quality expertise to implement the green transition in enterprises by introducing up-to-date upskilling and retraining programmes for adults, modernising study programmes in higher and vocational education and developing and piloting more flexible training programmes that offer micro		

credentials, all in line with the future needs of the green economy. More concretely, it concerns the development of green skills, which are defined as the skills required for jobs that contribute to the improvement of energy and resource efficiency, the reduction of greenhouse gas emissions and the building of a circular economy.

Milestone 25 requires that the secondary legislation necessary for the application and allocation of support for the development of green skills shall enter into force. The legislation shall contain provisions ensuring that any action supported under the measure is focused on areas contributing to the reduction of greenhouse gas emissions or the adaptation to climate change.

Milestone 25 is the first step of the implementation of investment 2.2. It will be followed by milestone 26 related to the number of upskilling and retraining modules developed, and milestone 27 related to the amount of people having completed the training courses concerned.

The investment has a final expected date for implementation on 30 June 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Directive No. 1.1 - 2/22/208 of the Ministry of Education and Research "Laying down the conditions for granting the aid Recovery and Resilience Facility reform "Green transition of enterprises"", published in the cloud-based storage of the State Shared Service Center (SSSC) <https://pilv.rtk.ee/s/R8mG9Med6PqEp7A?path=%2F&openfile=183264> and the document register of the Ministry of Education and Research <https://dok.hm.ee/et/document.html?id=009753b2-9262-43b8-94c5-42234dac4449> on 30 June 2022 (hereinafter referred to as the 'Directive').
- iii. Copy of the annex to Directive No. 1.1 - 2/22/208 laying out the terms of support for the development of green skills (hereinafter referred to as annex to the Directive).

The authorities also provided:

- iv. Printout of the proof of signatures of the Directive and annex to Directive No. 1.1 – 2/22/208.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone.

In particular,

- **The secondary legislation necessary for the application and allocation of support shall enter into force.**
- The Directive in which the conditions for granting support are established entered into force on 30 June 2022 on the same day it was signed. The Estonian authorities clarified that based on Article 50 (1) of the Act on the Government of the Republic of Estonia of 13 December 1995, a Minister can issue regulations and directives. The printout of the proof of signatures of the Directive confirms that the Directive was signed on 30 June 2022.
- **The directive shall contain provisions ensuring that any action supported under this measure is focused on areas contributing to the reduction of greenhouse gas emissions or the adaptation to climate change.**
- Article 3 (1) on page 1 and 2 of the Directive lists supported activities by curriculum groups

and defines the aim of the curriculum development as teachable green skills supporting the transition to climate neutrality in the mentioned sectors and the reduction of CO2 emissions. Article 3 (1) further states that the education for green skills financed with this measure support the transition to climate neutrality in the sectors the programme is active in as well as to the reduction of CO2 emissions. Hence, the directive does not explicitly mention that any action supported under this measure is focused on areas contributing to the reduction of greenhouse gas emissions or the adaptation to climate change. Whilst this constitutes a minimal substantial deviation from the requirement of the Council Implementing Decision, it is evident from Article 3 (1) that only green skill activities with the aim of supporting the transition towards climate neutrality and the reduction of CO2 emissions shall be supported. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Furthermore, in line with the description of the measure, green skills are defined as skills needed for jobs that contribute to the reduction of greenhouse gas emissions, improving energy and resource efficiency and include a wider introduction of circular economy principles. This same definition is included in Article 3 (1) of the annex to the Directive.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 32	Related Measure: 2.4. Modernisation of the business models in manufacturing companies	
Name of the Milestone: Entry into force of the ministerial decree setting out the terms and conditions of grant eligibility		
Qualitative Indicator: Entry into force of the ministerial decree		Time: Q2 2022
<p>Context:</p> <p>The objective of investment 2.4 concerning the modernisation of the business models in manufacturing companies is to support the change of business models in manufacturing to ensure the compliance of Estonian products with environmental and climate objectives, including with circular economy principles, and increase the competitiveness of manufacturing companies. The measure will support projects which, selected based on a call for proposals, will modernise the business models of manufacturing companies in line with climate and environmental objectives.</p> <p>Milestone 32 concerns the entry into force of a ministerial decree setting the out the terms conditions for granting support through grants. The selection/eligibility criteria shall ensure that the supported activities and/or enterprises contribute to a climate-neutral economy, resilience, and climate change adaptation including circular economy objectives such as in-house implementation of circular economy principles, transfer of transport and storage of companies to new foundations.</p> <p>Milestone 32 is the first step of the implementation of investment 2.4, and it is followed by milestone 33 related to the grant disbursement for selected projects.</p> <p>The investment has a final expected date for implementation on 31 December 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, ii. Copy of Regulation of Minister of Entrepreneurship and Information Technology on the 		

terms and conditions of support for the modernisation of the business models in manufacturing companies (*Taastekava tootmisettevõtja ärimudeli muutmise toetuse tingimused ja taotlemise kord*) published in State Gazette No. 91 of 14 November 2021, accessible online <https://www.riigiteataja.ee/akt/116112022005> (hereinafter referred as the "Regulation"),

- iii. Copy of the Amendment of the Regulation of Minister of Entrepreneurship and Information Technology on the terms and conditions of support for the modernisation of the business models in manufacturing companies (*määruse nr 91 Taastekava tootmisettevõtja ärimudeli muutmise toetuse tingimused ja taotlemise kord*) published on 5 July 2023 and entered into force on 8 July 2023 (hereinafter referred to as "amendment to the Regulation No. 91").
- iv. Link to Regulation No. 108 of the Government of 2021 on the "Organisation of the implementation of the recovery and resilience plan and general conditions for granting support" published in the Official Journal (hereinafter referred to as "Regulation No 108") <https://www.riigiteataja.ee/akt/120062023004>.
- v. Link to the Foreign Relations Act of 2006 published in the Official Journal <https://www.riigiteataja.ee/en/eli/514022023001/consolide>.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **The conditions for granting support shall be enacted by a decree of the responsible minister.**

The Council Implementing Decision required the conditions for granting support to be enacted by a decree of the responsible minister. The terms and conditions of support for the modernisation of the business models in manufacturing companies have been established through a Regulation of the Minister of Entrepreneurship and Information Technology. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to Estonian internal legislation, a Minister is empowered to only issue regulations and directives. For the implementation of this specific milestone a directive of the minister responsible for the area needs to be issued. The directive has the same legal affect as a decree in the Estonian legal system. As of this, this minimal deviation does not affect the progress towards achieving the reform that this milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. The Regulation was published in State Gazette No. 91 of 14 November 2021 and entered into force on 19 November 2021, as established in the Chapeau of the Regulation, and the Amending Regulation was published in State Gazette No. 91 of 14 November 2021, and entered into force on 8 July 2023, as established in the Chapeau of the Regulation. According to Article 7 of the Regulation, support shall be granted to a project the implementation of which contributes to the achievement of the objective laid down in Section 3(1) and to the results and output indicators referred to in subsections (2) and (3). The Regulation supports two strands of action:

- 1) carrying out a green audit (also referred to as strand I);
- 2) the implementation of the priority development objective resulting from the Roadmap and the implementation of a change in business model.

Strand I will support the mapping of the economic operator's green capacity and the circularity of its business model and the preparation of a roadmap by the green audit. Grants may be requested separately for strands I and II. The exclusion list is provided in § 7 (8) 1-6 of the Regulation of the Minister of Entrepreneurship and Information Technology. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. In addition, the Amendment of the Regulation of Minister of Entrepreneurship and Information Technology on the terms and conditions of support for the modernisation of the

business models in manufacturing companies further specifies the conditions for granting support.

- **The requirements set shall include eligibility criteria to ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) by means of an exclusion list and compliance with the relevant EU and national environmental legislation.**

Article 7 of the Regulation defines the eligibility criteria to, inter alia, ensure that the selected projects comply with the “Do no significant harm” Technical Guidance (2021/C58/01). Article 7 (2) defines the two subsidy schemes companies can apply to: green audits and the support for modernisation of the business model. According to Article 7 (3), the green audits include activities supporting the mapping of the company’s green capacity and the circularity of its business model as well as a preparation of a roadmap for the green audit. According to Article 7 (5), the subsidy scheme for the modernisation of the business model includes inter alia product and service development, organisational development, and the purchase of advisory services. Further eligibility criteria are explained below in the analysis.

- **Exclusion list.**
 - Article 7 of Regulation No. 91 outlines the DNSH exclusion list.
 - Article 7 (2) defines the exclusion of activities related to fossil fuels, including downstream use, except for projects under this measure concerning power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the “Do no significant harm” Technical Guidance (2021/C58/01).
 - Article 7 (3) defines the exclusion of activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Furthermore, the amendment to the Regulation defines in Article 8 (2) that no support shall be granted for “activities and assets under the European Trading System with projected greenhouse gas emissions that are not lower than the relevant benchmarks”.
 - Article 7 (7) defines the exclusion of activities related to waste landfills in point 4, incinerators in point 5, mechanical biological treatment plants in point 6, and activities where the long-term disposal of waste may cause harm to the environment in point 7. Article 7 (7) point 8 of the Amendment to Regulation No. 91 states that an explanation needs to be provided for “activities and assets under the European Trading System with projected greenhouse gas emissions that are not lower than the relevant benchmarks”. Furthermore, Article 12 (7) and Article 12 (8) state that “where the projected greenhouse gas emissions of the supported activity are not significantly lower than the relevant benchmark value due to the Commission Implementing Regulation (EU) 2021/447 determining revised benchmark values for free allocation for the period 2021-2025 pursuant to Article 10a (2) of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 87, 15.3.2021, p. 29-34), an explanation of the reasons why this is not possible shall be provided”.
- **Compliance with relevant EU and national environmental legislation**
 - As defined in Article 3 (1) of Regulation No. 91, the purpose of the support is to “change the business model of the undertaking in such a way that products meet environmental and climate neutrality objectives” in compliance with national and EU legislation. Article 7 (1) states that support shall be granted only to projects which contributes to the objectives laid out in Article 3 (1) which includes the compliance with national and EU legislation.
- **The selection/eligibility criteria shall specify that the supported activities and/ or**

enterprises contribute to a climate-neutral economy, resilience as well as climate change adaptation including circular economy objectives such as in-house implementation of circular economy principles, transfer of transport and storage of companies to new foundations.

- Article 17 (1) point 1 of Regulation No. 91 further states that the first eligibility criterion requires an analysis of the expected impact of the activities on the change of the company's business model and the increase in green capabilities in line with the requirement of the milestone, accounting for 40 percent of the assessment. Article 17(1) point 2 defines the impact of projects on the reduction of greenhouse gas emissions and resource consumption accounting for 20 percent of the assessment. Furthermore, Article 17 (1) point 1 and 2 of the Amendment of Regulation No. 91. adds to the aforementioned criteria the impact of project activities on a climate-neutral economy, resilience and climate change adaptation, which entails an assessment of the uptake of circular economy. Overall, 60 percent of the assessment criteria are linked to climate-neutral economy, resilience as well as climate change adaptation.

Furthermore, in line with the measure description, the objective of the investment is to, inter alia, raise competitiveness of Estonian manufacturing companies. Article 3(1) of Regulation No. 91 states that the purpose of the grant is to support projects which strengthen the competitiveness of the supported companies, which confirms that that the measure shall contribute to the competitiveness of Estonian manufacturing companies.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 34	Related Measure: 2.5. Deployment of resource-efficient green technologies	
Name of the Milestone: Publication of call for proposals for grants		
Qualitative Indicator: Publication of the notice for calls for proposals for grants		Time: Q2 2022
<p>Context:</p> <p>Milestone 34 is part of investment 2.5 which aims to improve the resource efficiency of companies, focusing particularly on the valorisation of underutilised bio-resources such as residues and by-products. The measure aims to support innovation in production technology and product development in enterprises and contributes to circular economy solutions. It supports investments promoting resource-efficient green technologies for industrial plants and investments in valorisation of bio-resources.</p> <p>Milestone 34 requires the publication and opening of a call for proposals to support resource-efficient green technologies and the valorisation of bio-resources, including eligibility criteria to ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01). In addition, the selection criteria shall specify that the supported activities and/or enterprises contribute to a climate-neutral economy, resilience and climate change adaptation.</p> <p>Milestone 34 is the first step of the implementation of the investment and it will be followed by two targets (35 and 36), which respectively require the award of the contracts to 36 projects selected under the call for proposals and the completion of these projects. The investment has a final expected date for implementation on 30 June 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p>		

- i. Summary document duly justifying how the milestone (including all the constitutive elements was satisfactorily fulfilled.
- ii. Ministerial Regulation No. 33 setting out the terms and conditions of grant eligibility for the deployment of resource-efficient green technologies adopted on 19 July 2022, hereinafter referred to as “regulation on resource-efficient green technologies”.
- iii. Publication of the call for proposals for the deployment of resource-efficient green technologies and conditions on the webpage of the Environmental Investment Centre: [Ettevõtete ressursitõhusus \(RRF\) | Keskkonnainvesteeringute keskus \(kik.ee\)](https://www.kik.ee/et/uudised/ettevotete-ressursitohusus-RRF-Keskkonnainvesteeringute-keskus-kik.ee). Applications could be entered in the e-grant environment from 10 August 2022.
- iv. Ministerial Regulation No. 48 of 19 August 2022 setting out the terms and conditions of the grant for valorisation of bio-resources, adopted on 19 August 2022, hereinafter referred to as “regulation on valorisation of bio-resources”.
- v. Publication of the call for proposals of the valorisation of bio-resources on the webpage of government agency PRIA (*Põllumajanduse Registrate ja Informatsiooni Amet* - Agricultural Registers and Information Board): <https://www.pria.ee/toetused/bioressurside-vaarindamise-investeeringutoetus-2022>.
- vi. Evaluation criteria of the call for proposals of the valorisation of bio-resources, annexed to Ministerial Regulation No. 48 of the Minister for Rural Affairs of 19 August 2022 (hereinafter referred to as “annex to Ministerial Regulation No. 48”).

The authorities also provided:

- vii. Announcement of call for proposals for the deployment of resource-efficient green technologies in newspaper *Eesti Päevaleht* from 10 August 2022.
- viii. Press release on opening the call for proposals for the deployment of resource-efficient green technologies <https://kik.ee/et/uudised/kik-avab-taotlusvoorutoostusettevotete-ressursitohusate-rohetehnoloogiate-edendamiseks>.
- ix. DNSH guidance for applicants on how to assess compliance with the DNSH Technical Guidance published on the Environmental Investment Centre’s web-page: https://kik.ee/sites/default/files/ei_kahjusta_oluliselt_p%C3%B5him%C3%B5tte_vastavuse_hindamise_juhendi_vorm.docx Guidance on government agency PRIA (Agricultural Registers and Information Board)’s website: <https://www.pria.ee/sites/default/files/2022-10/DNSH%20juhendamaterjal%20taotlejale.docx>.
- x. Explanatory note of the regulation for the deployment of resource-efficient green technologies of the Minister of the Environment.
- xi. Announcement of the opening of the call for applications for proposals for valorisation of bio-resources on the website *Ametlikud Teadaanded*.
- xii. Press release on the opening of the call for proposals for valorisation of bio-resources.
- xiii. Explanatory note of the regulation of the Minister of Rural Affairs.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **A call for proposals to support resource-efficient green technologies and the valorisation of bio-resources shall be published and be open for applications [...].**

The Ministry of the Environment and the Environmental Investment Centre are the responsible bodies for the call for proposals to support **resource-efficient green technologies**:

- The regulation of the Minister of the Environment setting up the conditions for granting support for the deployment of resource-efficient green technologies entered into force on 26 July 2022.
- The call for proposals to support resource-efficient green technologies, published

among others on the webpage of the Environmental Investment Centre, was opened for applications on 7 September 2022.

The Ministry of Rural Affairs and the government agency PRIA (*Põllumajanduse Registrate ja Informatsiooni Amet* - Agricultural Registers and Information Board) are the responsible bodies for the call for proposals to support the **valorisation of bio-resources**:

- The regulation of the Minister of Rural Affairs setting up the conditions for granting support for the valorisation of bio-resources entered into force on 26 August 2022.
 - The call for proposals to support the valorisation of bio-resources was opened and published from 24 October until 29 December 2022.
- **[...] including eligibility criteria to ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) by means of an exclusion list and compliance with relevant EU and national environmental legislation [...]**

The regulation on resource-efficient green technologies sets out, among others, eligibility criteria to ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01).

- In particular, paragraph 6 lays down that support is to be granted to a project that respects the climate, environmental standards and priorities of the European Union and does not cause significant harm within the meaning of Article 17 of Regulation (EU) 2020/852.
- The DNSH principle is one of the eligibility criteria for projects (paragraph 15).
- As set out in paragraph 11, all applicants must provide a confirmation and explanation of the compliance of the project with the DNSH principle. In order to assess compliance with the DNSH principle, the applicant must use the Technical Guidance on the application of ‘do no significant harm’ under the Recovery and Resilience Facility Regulation (2021/C58/01).

An exclusion list in line with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), excluding from eligibility activities related to fossil fuels, activities under the European Union Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks, activities related to waste landfills incinerators and mechanical biological treatment plants, and activities where the long-term disposal of waste may cause harm to the environment, is provided in paragraph 6 (2) points 1-6 in the regulation on resource-efficient green technologies. Additionally, for activities under the EU Emission Trading System (ETS) additional information and explanations notably with respect to the predicted level of greenhouse gas emissions and to the technology used have to be provided by the project applicant, as set out in paragraph 11 (7) points 1-4 of the regulation on resource-efficient green technologies.

Finally, the applicant must confirm that the activities planned in the application comply with European Union and national legislation (paragraph 11 of the regulation on resource-efficient green technologies).

The regulation on valorisation of bio-resources also sets out eligibility criteria to ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01).

- In particular, paragraph 5 (3) lays down that support is to be granted to projects that do not cause significant harm within the meaning of Article 17 of Regulation (EU) 2020/852.
- According to paragraph 13, the applicant must submit together with the application an assessment report on the compliance of the supported activity with the DNSH principle, based on the Technical Guidance on the application of ‘do no significant

harm' under the Recovery and Resilience Facility Regulation (2021/C58/01).

An exclusion list in line with the 'Do no significant harm' Technical Guidance (2021/C58/01), excluding from eligibility activities related to fossil fuels, activities under the European Union Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks, activities related to waste landfills, incinerators, and mechanical biological treatment plants, and activities where the long-term disposal of waste may cause harm to the environment, is provided in paragraph 5 (2) points 1-7 of the regulation on valorisation of bio-resources. In addition to the standard exclusion list, the regulation on valorisation of bio-resources excludes fuel production from biomass and energetic use of biomass, with the exception of biogas production and energy production from by-products, residues or waste for own consumption that meet the conditions set out in Articles 29-31 of Regulation (EU) 2018/2001, in order to ensure sustainability of bio-resources used. Additionally, for activities under the EU Emission Trading System (ETS), additional information and explanations notably with respect to the predicted level of greenhouse gas emissions and to the technology used must be provided by the project applicant, as set out in paragraph 12 (4) points 1-4 of the regulation on valorisation of bio-resources.

Finally, the applicant has to confirm that the activities planned in the application comply with European Union and national legislations (paragraph 5 of the regulation on valorisation of bio-resources).

- **[...] The selection/eligibility criteria shall specify that the supported activities and/or enterprises contribute to a climate-neutral economy, resilience and climate change adaptation.**

According to paragraph 3 (1) of the regulation on **resource-efficient green technologies**, the objective of the support is to increase resource productivity in industrial enterprises through the deployment of innovative green technologies and solutions to contribute to a climate-neutral economy, resilience and adaptation to climate change. Paragraph 6 (1) stipulates that support is to be granted to projects which contribute to the achievement of this objective. Paragraph 15 specifies the eligibility criteria which help to achieve this objective: (1) increased resource productivity, (2) the innovative nature of the investment, (3) compliance with the principle of 'do no significant harm', (4) reduction of greenhouse gas emissions per unit of production, (5) improvement in the use of resources, (6) the cost effectiveness of the project.

The terms and conditions for granting support for **valorisation of bio-resources** (including eligibility criteria) are set down in the regulation of the Minister of Rural Affairs. According to paragraph 2 (1) of that regulation, the objective of the support is to fulfill the goals of companies' green transition, contributing to providing higher economic added value to bio-resources, increasing research and development capacity and innovation capacity, and reducing greenhouse gas emissions. Thereby supported activities/enterprises should contribute to a climate-neutral economy, resilience and climate change adaptation. Paragraph 5 (1) stipulates that support is to be granted to a project which contributes to the achievement of this objective. Paragraph 16 specifies the evaluation criteria which help to achieve this objective: (1) the added value created by the activity, (2) the reduction of greenhouse gas emissions as a result of the activity, (3) the applicant's ability to implement the activity, (4) the justification of the activity, (5) the innovativeness of the activity. Detailed evaluation criteria and methodology are described in the annex to Ministerial Regulation No. 48.

Furthermore, in line with the description of the measure, the objective of the investment is

to improve the resource efficiency of companies, including energy efficiency, with a particular focus on the valorisation of underutilised bio-resources such as residues and by-products. According to § 15 (Project Conformity Criteria) of the regulation on **resource-efficient green technologies** and § 16 (Criteria and procedure for the evaluation of proposals) of the regulation on **valorisation of bio-resources**, projects with a more important greenhouse gas emissions reduction, projects leading to an increase in added value to bio-resources and projects presenting innovative technological solutions in the field are ranked higher and are more likely to receive funding. This is in line with the Council Implementing Decision requirement that the main criteria for selecting projects to receive a grant shall include, according to relevance, efficiency in reducing greenhouse gas emissions, resource efficiency, cost-effectiveness, reducing of residues and waste generation, added value to bio-resources and innovativeness of the solutions to be developed.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 51	Related Measure: 3.4. #Bürokratt programme (national virtual assistant platform and ecosystem)		
Name of the Target: Access to digital public services through the virtual assistant platform			
Quantitative Indicator: Number of public digital services accessible through the virtual assistant	Baseline: 0	Target: 1	Time: Q2 2022
<p>Context:</p> <p>The measure aims to improve the user-friendliness and accessibility of public services in Estonia. The measure consists of developing a speech- and text-based AI virtual assistant to access online public services. The work shall build on pilot projects already carried out in 2020 and 2021.</p> <p>Target 51 requires that one digital public service is made available through the platform of virtual assistant. Target 51 is the first step of the implementation of the investment. It will be followed by targets 52 and 53, related to the introduction of the Bürokratt virtual assistant in 18 digital public services environments (a “service environment” refers to a website of public authorities) and subsequently additional 19 digital public services to be made available through the platform of the virtual assistant.</p> <p>The investment has a final expected date for implementation on 31 December 2025.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled, including a description of the digital public service accessible through the platform of the virtual assistant. ii. Document describing the lessons learned from the pilot project already carried out in 2020 and 2021 (hereinafter referred to as “final report on the pilot project”). <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Link to the service environment of the Consumer Protection and Technical Regulatory Authority https://ttja.ee, as accessible to the users via a browser. This link was incorporated in the summary document. iv. Link (https://koodivaramu.eesti.ee/buerokratt) to the code and other documentation of the Bürokratt at database “Eesti Koodivaramu.” This link was incorporated in the summary 			

document.
v. Link (https://koodivaramu.eesti.ee/buerokratt/proof-of-concepts/initial-chatbot-2020) to the code and other documentation at database “Eesti Koodivaramu” that were created during the pilot phase. This link was incorporated in the summary document.
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the target. In particular:</p> <ul style="list-style-type: none"> • Number of digital public services available through the platform of the virtual assistant. One digital public service <i>Ilm</i> (Weather) is made available through the platform of the virtual assistant. Users are able to ask #Bürokratt questions like <i>ilm Tartus</i> (weather in Tartu) and receive an answer about the weather in Tartu. The Commission’s services, by engaging the virtual assistant in a chat where the virtual assistant was asked to reply to weather-related questions, have successfully tested that virtual assistant replies to weather-related queries on the Consumer Protection and Technical Regulatory Authority’s (<i>Tarbijakaitse ja tehnilise järelevalve amet - TTJA</i>) website (evidence iii). • The link to the service (evidence iii), as accessible to the users via a browser, is operational. The Commission’s services, by going to the TTJA website and inserting questions to the virtual assistant’s chat window that pops up there, have successfully tested that the link to TTJA website (where the virtual assistant has been integrated) works and the service Weather is operational. <p>Furthermore, in line with the measure description, the work builds on pilot projects already carried out in 2020 and 2021. The Estonian authorities have provided the final report of the pilot project (evidence ii). This pilot project developed an earlier version of the Bürokratt chatbot, which included a conversation window and the associated back room system, where the later work built on this. The pilot project ran from August 2021 to September 2022, and at the end of this period the chatbot was available to national authorities involved in the project. Estonia has also provided the links to the source code of the pilot chatbot (evidence v). In addition to this pilot project, the current Bürokratt has developed the service “weather” on to the chatbot, available as a public information service, as requested by the milestone. Estonia also provided links to the source code of the current chatbot (evidence iv).</p> <p>Commission Preliminary Assessment: Satisfactorily fulfilled</p>

Number: 54	Related Measure: 3.5. Reconfiguration of basic digital services and safe transition to cloud infrastructure	
Name of the Milestone: Development of centrally delivered/shared IT base services		
Qualitative Indicator: Opening of shared server hosting and computer workstation services to public authorities		Time: Q3 2022
<p>Context:</p> <p>The measure aims to increase the resilience, security and reliability of the IT systems and services of the Estonian public authorities through their migration to a private cloud and through comprehensive security testing.</p> <p>Milestone 54 requires that basic IT services provided/shared centrally shall open for subscription by new users (ministries and other authorities).</p> <p>Milestone 54 is the first step of the implementation of the investment, and it will be followed by target 55, milestone 56 and targets 57 and 58, related to the deployment of national private cloud infrastructure by public authorities; the extension of the cloud infrastructure to the data embassy;</p>		

the migration of critical systems to the national cloud infrastructure of the data embassy and, finally, to central security testing of public authorities' information systems.

The investment has a final expected date for implementation on 31 December 2024.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.
- ii. The Statute of the Estonian Information and Communication Technology Centre (hereinafter referred to as "the Statute").
- iii. Standard for workplace services, Government Cloud services (hereinafter referred to as "Standard for workplace services").
- iv. Co-operation agreement between the Estonian ICT Centre (RIT) and the National Marine Fleet (Riigilaevastik), stating the RIT will provide service to the National Marine Fleet (hereinafter referred to as "co-operation agreement").
- v. Service-level agreement (SLA) for the National Marine Fleet Services.
- vi. List of prices of centrally delivered/shared IT base services provided by the RIT to the National Marine Fleet (Riigilaevastik), according to the cooperation agreement.
- vii. Invoice from RIT to National Marine Fleet (hereinafter referred to as "invoice").
- viii. Proof of payment of the Invoice in the form of screenshot.
- ix. Screenshot from RIT webpage listing the provided basic IT services (hereinafter referred to as "the list of services").
- x. Two screenshots showing where and how public authorities can start an application to subscribe to the basic IT services (hereinafter referred to as "screenshots").
- xi. Document certifying that payment made by State E-Treasury has been credited to the account of MoEC. This document (hereinafter referred to as "proof of payment") showing that the RIT's invoice to National Marine Fleet has been paid.
- xii. State E-treasury payment receipt to prove that the RIT's invoice to National Marine Fleet has been paid.

The authorities also provided:

- xiii. Link <https://rit.ee/uudised/rit-1-esimene-sunnipaev-toob-ued-sihid-ja-varske-valjanagemise> to the description of the first-year activities.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities covers all constitutive elements of the milestone. In particular:

- **Basic IT services provided/shared centrally shall open for subscription by new users (ministries and other authorities).**
 - The organisational changes carried out to centralise the delivery of basic IT services have been described satisfactorily in evidence ii. The Statute (evidence ii) shows, at page 2, that the Estonian Information and Communication Technology Centre (RIT) was established. The establishment of the RIT was the organisational change that was carried out to centralise the delivery of basic IT services. According to the Estonian authorities, the first consolidation of technical personnel took place when employees responsible for the workplace services and shared server hosting services

at the Centre of Registers and Information Systems (*Registrite ja Infosüsteemide Keskus* - RIK) migrated to the RIT's team in March 2022. Based on their core competencies and infrastructure, the RIT team started providing the basic IT services for new users (ministries and other authorities).

- As shown in evidence ix (the screenshots of the services), the services delivered centrally have been listed and described on the website of RIT. The following services are provided:
 - Computer workplace services:
 - Hardware management
 - Software management
 - Network service
 - File and e-mail service
 - Printing and scanning service
 - Communication and videoconferencing service
 - Helpdesk support
 - User rights management
 - Server building infrastructure services
 - infrastructure as a service (IaaS).
 - platform as a service (PaaS)
 - software as a service (SaaS)
- Although there is no explicit certificates of completion of the works for the development of centrally delivered/shared basic IT services, the fact that works on the development of centrally delivered/shared basic IT services have been completed is proven by:
 - the existence of an application form at the Estonian Information and Communication Technology Centre's website (as shown on the screenshots in evidence x), which public authorities can use to subscribe to centrally delivered basic IT services, a list of which is also provided on the website RIT. By opening the application form in the web browser, the Commission's services have confirmed that the application form, which public authorities can use to subscribe to centrally delivered basic IT services, is operational on the RIT's website.
 - the provision of listed services to at least one paying customer (National Marine Fleet). The Estonian Information and Communication Technology Centre (RIT) began providing centrally delivered basic IT services in the summer of 2022, and, according to the Estonian authorities, the RIT is continuously adding new institutions. For example, *Riigilaevastik* (National Marine Fleet) has signed a co-operation agreement (evidence iv) on 20 February 2023 to begin the migration process, and *Riigilaevastik* (National Marine Fleet) has already paid for the centrally delivered/shared basic IT services it has received. This is proven by the evidences xi and xii, demonstrating the payment of invoices by the National Marine Fleet. The fact that RIT is already providing basic IT services to the *Riigilaevastik* (National Marine Fleet) and has been paid for these services demonstrates that RIT has completed the work for the development of centrally delivered/shared basic IT services.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 65	Related Measure: 4.2. Support for renovation of apartment buildings	
Name of the Milestone: Publication of calls for applications for residential apartment buildings renovation grants		
Qualitative Indicator: Publication of calls for housing renovation grants		Time: Q2 2022
<p>Context:</p> <p>The measure aims to boost deep renovations of apartment buildings to increase energy efficiency, reduce energy consumption and improve the living conditions of their residents, including by increasing renovation rates in areas with lower property value. Differentiated regional support rates shall be applied, with 30% for renovations in the two biggest towns, 40% in their surrounding areas and 50% for the rest of Estonia.</p> <p>Milestone 65 concerns the publication of calls for housing renovation grants. The call shall specify that support should be differentiated between regions and the renovation projects supported should achieve an improvement of at least one energy efficiency class or, in the case of complete renovations, at least the energy efficiency class C.</p> <p>Milestone 65 is the first step of the implementation of measure 4.2 on the renovation of apartment buildings, and it will be followed by targets 66 and 67 related to the number of dwellings to be renovated and the amount of CO₂ saved annually.</p> <p>The investment has a final expected date for implementation in Q2 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document justifying how the milestone (including all the constitutive elements) has been satisfactorily fulfilled. ii. Copy of the Ministerial Regulation on conditions of support for the renovation of apartment buildings, applicable 26 December 2021 - 31 December 2021 (hereinafter referred to as “Ministerial Regulation”). iii. Amendment to the Ministerial Regulation on conditions of support for the renovation of apartment buildings, applicable 01 January 2022 - 5 June 2022 (Enterprise Estonia and Foundation KredEx merged in January 2022) (hereinafter referred to as “first amendment to the Ministerial Regulation”). iv. Amendment to the Ministerial Regulation on conditions of support for the renovation of apartment buildings, entered into force on 6 June 2022 onwards (The conditions for payment were changed) (hereinafter referred to as “consolidated Ministerial Regulation”). <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. Energy Performance calculation form. vi. Information on the measure published on KredEx webpage. vii. Information on the measure on the webpage of the Estonian Union of Co-operative Housing Associations viii. Publication of the measure on KredEx webpage ix. Explanatory memorandum to the Ministerial Regulation, 16 December 2021. x. Building Code, national regulation applicable on planning, construction, use and maintenance of buildings, entry into force 1 July 2015 xi. Final report of the study “Development of the measure for renovation grants for apartment buildings” 		

- xii. Background information on the average energy efficiency of apartment buildings, namely two past studies:
Kuusk, Kalle; Kalamees, Targo (2016). Retrofit cost-effectiveness: Estonian apartment buildings. *Building Research & Information*, 44 (8), 920–934. DOI: 10.1080/09613218.2016 and
Kuusk, K.; Kalamees, T.; Maivel, M. (2014). Cost effectiveness of energy performance improvements in Estonian brick apartment buildings. *Energy and Buildings*, 77, 313–322. DOI: 10.1016/j.enbuild.2014.03 (hereinafter referred to as “background information on energy efficiency of Estonian apartment buildings”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **SA KredEx/Enterprise Estonia shall publish calls for applications aimed at improving the energy efficiency of residential apartment buildings.**

The terms and conditions for improving the energy efficiency of residential apartment buildings were set by the Minister of Economic Affairs and Infrastructure, through the Ministerial Regulation on conditions of support for the renovation of apartment buildings. This Ministerial Regulation was published in the Official Journal of Estonia on 23 December 2021, and in accordance with its preamble, entered into force on 26 December 2021. The legal basis of the Regulation is the government regulation No 108 from 29 November 2021 on “The organisation of implementation of the recovery and resilience plan and general conditions for granting support”.

The call for proposals was open from 20 July 2020 to 31 March 2022, as notified on the KredEx webpage and provided as evidence viii. The call is open when the application webpage with relevant information related to the call and with the remark “open” becomes active. Information on the measure was available on KredEx webpage and on the webpage of the Estonian Union of Co-operative Housing Associations as provided in evidence vi and vii.

This call led to enough applications to commit the budget and second call was not published. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

The call webpage (Annex vi) specifies that the grant is geared towards apartment associations and the objective of the measure is comprehensive renovation. It is further specified that the comprehensive reconstruction of an apartment building can increase the energy efficiency of the building. Therefore, the call was launched in line with the CID requirements that 1) SA KredEX/Enterprise Estonia has published the calls for applications; 2) that the calls for applications were aimed at improving the energy efficiency of residential apartment buildings).

- **The support shall be differentiated between regions on the basis of the value of the real estate, with a higher rate of support in regions with low average property value.**

Regional differences in support rates are based on the study (evidence vii) conducted in 2018, whose main conclusions were that the lower real estate value is a barrier to renovate and that the support rate should be differentiated by region. Paragraph 11 (1) of the consolidated ministerial regulation describes the differentiated approach, by which a higher rate of support is given to regions with low average property values. The paragraph defines lower support rates for real estate in Tallinn and Tartu and in rural municipalities bordering Tallinn and Tartu where the market value of real estate is above average.

Furthermore, in line with the description of the measure, differentiated regional support rates shall be applied: 30% in Tallinn and Tartu, 40% in the areas surrounding Tallinn and

Tartu based on the real estate price and 50% in all other areas. Paragraph 11 (1) of the consolidated ministerial regulation states that, the grant rate is 30% in Tallinn and Tartu, 40% in the settlement units of rural municipalities bordering Tallinn and Tartu, where the market value of real estate exceeds 500 €/m² in the year preceding the submission of the application according to the Land Board database of transactions, and also in the following towns: Elva, Haapsalu, Keila, Kohila, Kuressaare, Maardu, Otepää, Paikuse, Pärnu, Rakvere, Rapla, Sauga, Uuemõisa, and Viljandi. The rest of Estonia is eligible for a grant in the extent of 50%.

- **Support shall be granted to renovation projects that achieve an improvement of at least one energy efficiency class or, in the case of complete renovations, at least the energy efficiency class C. The renovations shall correspond to at least medium-depth renovations representing an average level of primary energy savings of at least 30% as set out in European Commission Recommendation (EU) 2019/786.**
- Paragraph 12 (1) of the consolidated ministerial regulation states that support is granted to projects that achieve the energy efficiency class C. Paragraph 13 of the same regulation specifies that if it is not a full renovation and class C is not achieved, at least class D should be obtained. Estonia has provided evidence, through two studies conducted on the two main types of apartment buildings, that the current average EPC class of apartment buildings is class F. Evidence viii reports that the average energy performance value of existing concrete large-panel apartment buildings is 224 kWh/(m²a) (page 7 and figure 5) and evidence viv reports the average value for brick apartment buildings 263 kWh/(m²a) (page 318 and figure 7), both corresponding to the EPC class F. Therefore, an improvement to class C or D would constitute an improvement of at least one energy efficiency class. Thus, at least an improvement of at least one energy efficiency class or, in the case of complete renovations, at least the energy efficiency class C will be achieved, in line with the Council Implementing Decision.
- Since the technical requirements of the renovation grant have not changed, it can be concluded that support is granted to renovation projects that correspond to at least medium-depth renovations representing an average level of primary energy savings of at least 30% as set out in European Commission Recommendation (EU) 2019/786.

Furthermore, in line with the description of the measure (paragraph 11 (2) of the consolidated ministerial regulation), outside Tallinn and Tartu, the apartment associations may carry out partial reconstruction work to prevent deterioration of the technical condition of the building, in which case the support rate shall be lower by 10%. In the case of settlement units and administrative units where the market value of real estate is below 200 €/m² in the year preceding the submission of the application according to the Land Board database of transactions, and in case of an apartment building located in Ida-Viru County, reconstruction of an apartment building may be performed partially. In this case, the maximum grant is 30% of the eligible costs of reconstruction works per project (paragraph 11 (3) of the consolidated ministerial regulation).

- **The results shall be certified by ex-ante and ex-post Energy Performance Certificates.**

In the case of full renovations, according to the ministerial regulation (paragraph 20, section 2 (9)), the energy performance certificate (EPC) issued earlier than 3 May 2013 shall be presented when applying for support. As specified in Building code (paragraph 66), conformity with minimum requirements for energy performance is proved by an EPC. The EPC is issued by an accredited expert through the National Building Register.

Paragraph 21 (3) of the consolidated ministerial regulation stipulates that SA KredEx (or its successor) organises the initial expertise of the main project and energy calculations within ten working days from the registration of the application.

Paragraph 20 (1) point 10 of the consolidated ministerial regulation specifies that for partial renovations, grant recipients are requested to complete a calculation form which has to be approved by SA KredEx. The calculation form is provided in Annex 4 to the consolidated ministerial regulation.

Paragraph 30 (3) of the consolidated ministerial regulation specifies the requirements related to the ex-post energy assessments. In the case of complete renovations, beneficiaries shall submit Energy Performance Certificates based on measured energy consumption in the year after the project was finished. This shall be done at the latest by the end of the month following the year after the project was finished. In the case of partial renovations, the beneficiary shall supply the necessary information for SA KredEx to be able to calculate the energy savings, by filling out the calculation form (Annex 4).

The Council Implementing Decision required that the results shall be certified by ex-ante and ex-post Energy Performance Certificates. In case of partial renovations, Estonia has not required the certification of results by ex-ante and ex-post certificates. Instead, Estonia uses ex-ante and ex-post simulation calculations according to the requirement set in paragraph 20 (1) point 10 and 30 (3) of the consolidated ministerial regulation. The calculation form is provided in Annex 4 to the consolidated regulation. Based on this data, which is identical to what the EPC provider would have, KredEx does the energy calculations using the same methodology as the official EPC. KredEx also has in-house energy efficiency competence with an occupational qualification certificate of Chartered Energy Efficiency Specialist (EstQF Level 8) to calculate the energy performance of buildings. The only difference is that KredEx does not issue an official EPC.

Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the deviation is acceptable as the energy performance certificates are required ex-ante and ex-post for the cases of the complete renovation of the apartment buildings and for all other cases, the ex-ante and ex-post energy performance is calculated and validated by KredEx using the same data and methodology as is used for the EPCs. Complete renovations account for the large majority of the projects supported (according to evidence xii, at the moment, 87% of all supported renovations are full renovations). Also, the method used for the simulation calculation in the case of partial renovations, is based on the same data and comparable methodology as used by certified energy performance experts when issuing energy performance certificates. Therefore, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 68	Related Measure: 4.3. Support for the renovation of small residential buildings	
Name of the Milestone: Published calls for renovation grant		
Qualitative Indicator: Publication of calls		Time: Q2 2022
<p>Context:</p> <p>The measure aims to boost renovations of private dwellings, especially in areas with lower property value. Differentiated regional support rates shall be applied: 30% in Tallinn and Tartu, 40% in the areas surrounding Tallinn and Tartu based on the real estate price and 50% in all other areas. Support shall be given to private owners for renovations that achieve an improvement of at least one energy efficiency class or, in the case of complete renovations, at least energy efficiency class C.</p> <p>Milestone 68 concerns the publication of calls for renovation grants of private residential buildings.</p>		

The calls shall specify that support shall be differentiated between regions and that support granted to renovation projects that achieve an improvement of energy efficiency or, in the case of complete renovations, at least the energy efficiency class C.

Milestone 68 is the first step of the implementation of the investment, and it will be followed by target 69 related to the renovation of 80 dwellings by Q4 2024, and the final target 69a, related to the renovation of 900 dwellings by Q1 2026. The investment has a final expected date for implementation in Q1 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document justifying how the milestone (including all the constitutive elements) has been satisfactorily fulfilled.
- ii. Ministerial Regulation on conditions of support for the renovation of private residences, applicable from 19 March 2022 - 18 August 2022.
- iii. Ministerial Regulation on conditions of support for the renovation of private residences, 19 August 2022 - 5 December 2022 (Additional funding from the Cohesion Fund and the additional budget for 2022 and the conditions of the building year changed).
- iv. Ministerial Regulation on conditions of support for the renovation of private residences, applicable 6 December 2022 - 31 December 2023 (hereinafter referred to as “consolidated ministerial regulation”).
- v. Energy consumption data form to be presented by beneficiaries.
- vi. Energy efficiency calculator for small residences.

The authorities also provided:

- vii. Notice of publication of call on KredEx webpage.
- viii. Advance notice of publication of call on KredEx Facebook page.
- ix. Information on the measure published on KredEx webpage (hereinafter referred to as “information on Kredex website”).
- x. Article in the newspaper Postimees on the opening the call for proposals from 21 April 2021 (hereinafter referred to as “newspaper article”).
- xi. Ministerial Regulation on energy performance certificates from 30 April 2015 (hereinafter referred to as “EPC national regulation”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **SA KredEx shall publish calls for applications aimed at improving the energy efficiency of private residential buildings.**

An open call for proposals was announced by SA KredEx on the website and in the social media of SA KredEx and published in newspaper Postimees on 21 April 2021 (evidence vi-ix), thus informing the public about the start date of receipt of applications, which was 6 April 2022. The call for proposals was open until 31 May 2022. Because this call led to enough applications to commit the budget, there was no need for SA KredEx/Enterprise Estonia to launch a second call.

- According to the information available with the publication of the call on the KredEx website, the objective of the measure is energy efficiency and a better indoor climate of small residential buildings, reducing their energy consumption, facilitating the adoption of renewable energy, increasing the number of dwellings with improved energy efficiency, and savings in the annual consumption of primary energy. The granting conditions were published by the Ministry of Economic Affairs and Communications in the Official Journal of

Estonia on 16 March 2022.

The Council Implementing Decision states that SA KredEx/Enterprise Estonia shall publish calls for applications. Estonia has provided evidence that SA KredEx/Enterprise Estonia has published one call. Since the call fulfils the objective of the measure and provides for the possibility to differentiate the support across regions as required by the description of the measure, the single call fulfils the same purpose as the multiple calls mentioned in the milestone name. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- **The support shall be differentiated between regions on the basis of the value of the real estate, with a higher rate of support in regions with low average property value.**

Paragraph 9(1) of the consolidated ministerial regulation describes the differentiated approach, by which a higher rate of support is given to regions with low average property values. The paragraph defines lower support rates for real estate in Tallinn and Tartu and in rural municipalities bordering Tallinn and Tartu where the market value of real estate is above average.

In line with the description of the measure, differentiated regional support rates shall be applied: 30% in Tallinn and Tartu, 40% in the areas surrounding Tallinn and Tartu based on the real estate price and 50% in all other areas. Paragraph 9(2) of the consolidated ministerial regulation describes that for complete reconstruction, the proportion of the grant of eligible expenses and the maximum grant amount per small residence is:

- 30% and EUR 20,000 in Tallinn and Tartu as a settlement unit;
 - 40% and EUR 30,000 in areas surrounding Tallinn and Tartu, namely Harku rural municipality, Jõelähtme rural municipality, Kiili rural municipality, City of Maardu, Rae rural municipality, Saku rural municipality, Saue rural municipality, except for the territory of the former Kernu rural municipality and Nissi rural municipality as at 14 October 2017 following the national administrative reform, Viimsi rural municipality, Luunja rural municipality, Kambja rural municipality and the territory of Tartu rural municipality as at 14 October 2017 and the territory of the former Tähtvere rural municipality as at 14 October 2017 following the national administrative reform;
 - 50% and EUR 40,000 in settlement units and administrative units not specified in the two previous clauses.
- **Support shall be granted to renovation projects that achieve an improvement of energy efficiency or, in the case of complete renovations, at least the energy efficiency class C.**

Paragraph 5 of the consolidated ministerial regulation list the supportable activities, which include isolation of façade or foundation, isolation of roof or attic, replacement of doors and/or windows, isolation of floors, replacement or reconstruction of a heating system, installation or replacement of a ventilation system, installation of renewable energy system, installation of a wastewater residual heat utilisation system, other works directly leading to increased energy efficiency. Paragraph 6 (2) of the consolidated ministerial regulation sets technical conditions for the supported activities, which g Paragraph 6 (4) regulates that in the case of complete renovations, at least the energy efficiency class C shall be achieved. Considering the list of supportable activities, which are aimed at improvement of energy efficiency and the condition for full renovations to achieve at least energy efficiency class C, it can be concluded that support shall be granted to renovation projects that achieve an improvement of energy efficiency or, in the case of complete renovations, at least the energy efficiency class C as specified in the Council Implementing Decision.

- **The results shall be certified by ex-ante and ex-post SA KredEx Energy Performance**

calculation.

Paragraph 13(2) point 6 of the consolidated ministerial regulation describes that all applicants shall submit their energy consumption for the year preceding application. This shall be done using a form published on the KredEx webpage (energy consumption data form presented as evidence v). On the basis of this data, and using a comparable methodology as used by certified energy performance experts to issue energy performance certificates, Kredex shall calculate the energy performance, ex-ante for both complete and other than complete renovations. In addition, Paragraph 13(3) point 5 of the consolidated ministerial regulation describes that applicants for complete renovation can also demonstrate their energy performance ex-ante by using the energy efficiency calculator for small residential buildings (evidence vi).

Paragraph 19(1) of the consolidated ministerial regulation describes that, in the event of a complete renovation, the recipient of the grant will provide KredEx with the ex-post energy performance certificate based on energy consumption measurements taken in the calendar year following the completion of the renovation of the private residence, within one month of the respective calendar year ending.

Paragraph 19(2) of the consolidated ministerial regulation describes that in cases other than complete renovations, the recipient of the grant will provide KredEx with the ex-post energy consumption data of the calendar year following the completion of renovation of the small residence, on the form approved by KredEx (energy consumption data form presented as evidence v), within one month of the respective calendar year ending.

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of the milestone and has undertaken the assessment on a revised basis. In such description, it is stated that the results shall be certified by KredEx.

However, according to Estonian legislation, energy performance certificates can only be provided by private sector companies/institutions. Persons who are qualified to evaluate the process and issue energy performance certificates are registered in an official registry. Energy performance certificates can be issued only through the Building Register. KredEx is not registered in the Building Register as a provider of certificates and is therefore not able to certify the results. For this particular measure, energy performance certificates shall be presented ex-ante in the case of full renovation, in all other cases, beneficiaries shall submit energy performance data, based on which KredEx makes energy performance calculations. Against this background, the justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 90	Related Measure: 5.4. Construction of the Tallinn Old Port tram line
Name of the Milestone: Award of works contract	
Qualitative Indicator: Contract signed for the construction of the tramway line	Time: Q2 2022
Context:	
The objective of this measure is to increase the share of sustainable mobility in the Tallinn region by connecting Rail Baltic to sea connections with the Nordic countries through Tallinn Old Port.	
Milestone 90 concerns the awards for the works contract concluded between Tallinn Urban Planning and Utilities Board and the contractor for the construction of the tramway line between Gonsiori street and Põhja Puiestee.	

Milestone 90 is the second step of the implementation of the investment, and it follows milestone 89 related to the approval of the project design and will be followed by target 91 related to the new tramway line entering into operation. The investment has a final expected date for implementation in Q4 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Cover note on the signature of the contract for the construction of the tramway line.
- ii. Copy of the design and construction contract of the Tallinn Old Port tram line (hereinafter referred to as “the design and construction contract”).
- iii. Copy of the Proof of Signatures for the design and construction contract of the Tallinn Old Port tram line (hereinafter referred to as “the proof of the signature for the design contract”).

The authorities also provided:

- iv. Copy of the change of the contract on the design and construction contract of the Tallinn Old Port tram line (hereinafter referred to as “the change of the initial contract”).
- v. Copy of the proof of signatures for the change of the contract on the design and construction contract of the Tallinn Old Port tram line.
- vi. Copy of the overview of the costs, articles and planned route of the works.
- vii. Copy of the technical description of the project – annex to the main contract (hereinafter referred to as “the technical description”).
- viii. Copy of the pre-project description by K-project from 25 March 2022 (hereinafter referred to as “the pre-project description”).

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone.

Works contract concluded between Tallinn Urban Planning and Utilities Board and the contractor for the construction of the tramway line between Gonsiori street and Põhja Puiestee. In this regard, Estonian authorities provided a confidential contract for the construction of the tramline, signed on 9 August 2022.

- The design and construction contract (page 1) states that the contract has been signed for the construction of the tramway line between Gonsiori street and Põhja Puiestee, among other streets mentioned.
- The design and construction contract (page 1) states that the contract is signed between the Tallinn Urban Planning and Utilities Board, its co-financing institution, the Tallinn City Transport Authority, and the contracting parties *Aktsiaselts Merko Ehitus Eesti* and *KMG Inseneriehitus OÜ* responsible for constructing the tram line.
- The proof of signature of the design contract provides proof that the contract has been signed by the parties digitally.

The initial contract was amended on 28 March 2023, as evidenced in the change of the initial contract to reflect the merger of two contractor companies (*KMG Inseneriehitus AS* (registration code No. 11399376) and *KMG OÜ* (registration code No. 16196755) into *KMG Infra OÜ*.

- The change of the initial contract (page 1) explains the change to the contract.
- The change of the initial contract (page 2) states that the contract is signed between The Tallinn Urban Planning and Utilities Board, its co-financing institution, the Tallinn City Transport Authority, and the contracting parties *Aktsiaselts Merko Ehitus Eesti* and *KMG infra OÜ*.

- Copy of the proof of the signature for the changed contract provides proof that the contract has been signed digitally by the parties.

Furthermore, in line with the description of the measure, **the investment shall connect Rail Baltic to sea connections with the Nordic countries through Tallinn Old Port.** In particular, the investment shall connect Tallinn Airport, Rail Baltic hub, city centre, Old Port and regional train station. The first paragraph of the technical description of the contract of construction gives a list of streets, geographical location of which proves that the connection between Tallinn Airport, the future Rail Baltic hub, city centre, Old Port and the regional train station will be established. The same proof is valid to ensure that the connection of the Rail Baltic to sea with Nordic countries is provided, as the future Old Port tram line creates a link between the location of the future Rail Baltic terminal in Ülemiste and Tallinn Port.

Furthermore, in line with the description of the measure, **support shall be given to the Tallinn City Transport Authority, responsible for operating public transport in Tallinn to construct a new tram line of around 2 km of rail shall be constructed.** According to point 6 of the construction contract, contractors will be paid after the works are completed by both the Tallinn Urban Planning and Utilities Board and the Tallinn City Transport Authority. In line with Estonian's RRP, this measure is fully financed with RRF grants, through these two public companies owned by the City of Tallinn. The Tallinn City Transport Authority is a public transport company that is primarily engaged in providing bus, trolleybus, and tram services on routes within the integrated ticketing system of Tallinn. According to the provided page 12 of the pre-project description to the contract of construction, the length of the rail construction is approximately 2 km, which corresponds to the measure description.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 114	Related Measure: 6.6. Providing labour market measures to reduce youth unemployment	
Name of the Milestone: Youth Guarantee Action Plan		
Qualitative Indicator: Adoption of the reinforced Youth Guarantee Action Plan by the Government		Time: Q2 2022
<p>Context:</p> <p>The objective of measure 6.6 is to help young people with little work experience get into employment. The measure description specifies that the reinforced Youth Guarantee Action Plan support the implementation of the “My First Job” investment with additional measures supporting young unemployed.</p> <p>The milestone aims at supporting youth employment, including by improving the skills of young people and defining actions to prevent youth unemployment.</p> <p>Milestone 114 is the second step of the implementation of measure 6.6. This milestone is preceded by milestone 113 on the entry into force of a legislation on the “My First Job” scheme. The final step of the measure is target 115 providing for the participation of at least 3 178 young people aged 16-29 in the “My First Job” scheme. The measure has a final expected date for implementation in Q4 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the National action plan to strengthen the Youth Guarantee (hereinafter referred to 		

as “Action Plan”) and a link to its publication on the website of the Ministry of Social Affairs <https://www.sm.ee/media/2324/download>.

- iii. Copy of a screenshot of the internal information system which contains the agenda of the meeting of the government of 28 April 2022 and the decision on the adoption of the National action plan to strengthen the Youth Guarantee.

Additional evidence provided by the authorities

- iv. Copy of the Act of 15 November 2000 on Public Information and a link to its publication in the Official Journal <https://www.riigiteataja.ee/akt/107032023011?leiaKehtiv>.
- v. Copy of the Regulation of 13 January of 2011 of the Government on the Procedure and Rules of the Government of the Republic of Estonia and a link to its publication in the Official Journal <https://www.riigiteataja.ee/akt/119012011004?leiaKehtiv>.
- vi. Press release of 29 April 2022 of the Ministry of Social Affairs on its website: <https://www.sm.ee/uudised/valitsus-kiitis-heaks-uu-tegevuskava-mitteopivate-ja-tootavate-noorte-abistamiseks> .

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular,

- **The Government shall adopt an amended Youth Guarantee Action Plan to support youth employment.**
 - The government adopted the “National action plan to strengthen the Youth Guarantee for the period 2022-2027” on 28 April 2022. The Estonian authorities explained that the decision of the government is only available in the internal information system. The authorities provided a screenshot of the internal information system where the agenda of the meeting of the government of 28 April 2022 and the decision on the adoption of the National action plan to strengthen the Youth Guarantee appears. The authorities also provided a copy of the adopted Youth Guarantee Action Plan.
 - According to Article 13 (4) of the Rules of Procedure of the Government of the Republic, the government meetings are closed and the summaries of meetings are classified as internal on the grounds of and pursuant to the procedure provided by the Public Information Act (Chapter 5), unless otherwise decided at the meeting. That is why only a print screen of the agenda and the decision of the government of 28 April 2022 was provided.
 - The Action Plan amends the previous Action Plan of 2014-2021 to take into account the Council’s reinforced Youth Guarantee Recommendation of 2020 and the experience with the implementation of the 2014-2021 Action Plan. It is specified in Chapter I that the Action Plan focuses on increasing youth employment, which includes preventing NEET (young person not in employment, education or training) situations and supporting young people in a NEET situation. Table 2 of Chapter III outlines all the activities and measures in the action plan and, in particular, it contains specific activities to be carried out to support young people in a NEET situation or support prevention of NEET’s situation. Furthermore, table 3 of Chapter IV groups these actions based on the Council’s Youth Guarantee Recommendation, notably mapping, prevention, outreach, integrated support, skills and follow-up.
- **This action plan shall: include measures to improve the skills of young people:** Table 2 in Chapter III identifies actions to improve the skills of young people. These include, among others:

- enabling young unemployed people to complete an e-training module which also includes developing their digital and green skills,
- implementation of an internship programme in Ida-Virumaa county so that local young people obtain work and business experience,
- further development of the educational support services, with the aim to ensure the availability of high-quality study counselling services for young people,
- **This action plan shall: define actions to prevent and address youth unemployment, including outreach and prevention of NEETs situation:** Table 2 in Chapter III and table 3 of Chapter IV list the definition of the relevant actions to prevent and address youth unemployment, including outreach and prevention of NEETs situation, which include, among others:
 - implementation of a cooperation model among those stakeholders at local level which are involved in supporting young people in NEETs situation. The activities include outreach to and supporting young people at risk,
 - providing additional support (such as additional financing) to local authorities to provide support measures to young people in NEET-situation,
 - provision of career guidance services for young people to support them in making thoughtful choices in education and working life,
 - strengthening the monitoring and analysis of the situation of young people in order to ensure planning, provision and evaluation of high-quality services that meet the needs of young people,
 - identifying young people in a NEET situation and supporting them through youth work opportunities,
 - reaching out to young people and raising awareness through the Youth Guarantee Support System,
 - prevention of early school leaving by providing support services to disadvantaged children and young people.
- **This action plan shall: Define key parties and their roles of preventing and dealing with youth unemployment.** Point 4.1 in Chapter V:
 - a) specifies that the co-ordination of the action plan is divided between the Ministry of Social Affairs (labour market and employment related activities) and the Ministry of Education and Research (education related activities):
 - The Ministry of Social Affairs is directly responsible for youth employment policy-making, which includes ensuring that young people have opportunities to gain work experience, to increase their competitiveness through labour market services, and supporting young people in NEET situations so that they find a job or educational opportunities.
 - The Ministry of Education and Research is responsible for education and youth policy making, which includes increasing the employability of young people through formal education and non-formal learning and preventing early school leaving, as well as ensuring a smooth transition from one level of education to another or to the labour market.
 - b) envisages the establishment of a Steering Group which consists of those bodies responsible for the implementation of the activities outlined in the Action Plan. The Steering Group discusses the implementation of the Action Plan and can propose how to improve the actions outlined in the plan.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 117 **Related Measure:** 6.8. Long-term care

Name of the Milestone: Entry into force of amendments to the Social Welfare Act

Qualitative Indicator: Entry into force of legislative amendments

Time: Q2 2022

Context:

The objective of measure 6.8 is to improve the provision of long-term care in Estonia.

Milestone 117 aims at laying down the concept of long-term care, as well as the obligation on local authorities to take into account the principle that a person must be able to live as long as possible in his or her home, with sufficient quality services available.

This milestone 117 is the first step of implementing the measure. It is followed by milestone 118 on the adoption of an action plan on an integrated care model. The third step is milestone 119, which provides for defining the design and characteristics of services by local authorities to people with lower care needs. The last step is milestone 120 aiming at the modernisation and integration of services for children with higher care needs. The measure has a final expected date for implementation of Q1 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Act amending the Social Welfare Act and other acts of 13 April 2022 (hereinafter referred to as “amending Act”) and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/128042022001>.
- iii. Copy of the consolidated Social Welfare Act of 9 December 2015 (hereinafter referred to as “Social Welfare Act”) and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/128042022009>.

The authorities also provided

- iv. Copy of the amendment of 1 April 2021 to the Social Welfare Act of 9 December 2015 and a link to the publication in the Official Journal.
- v. Copy of the amendment of 14 February 2023 to the Social Welfare Act of 9 December 2015 and a link to the publication in the Official Journal <https://www.riigiteataja.ee/akt/106012023009>.
- vi. Copy of the amendments of 8 May 2022 to the Act on Family law Act of 18 November 2009 (hereinafter “Family law Act”) and links to the publications in the Official Journal (<https://www.riigiteataja.ee/akt/128042022004>).
- vii. Copy of the article “The Act Amending the Social Welfare Act and Other Acts brings reforms” was published in the magazine *Sotsiaaltöö* (“Social Work”) on 2 May 2022 and provided a link to the website of the National Institute for Health Development <https://www.tai.ee/et/sotsiaalto/sotsiaalhoolekande-seaduse-ja-teiste-seaduste-muutmise-seadus-toob-uuendusi>.

Analysis:

The justification and substantiating evidence provided by the Estonian authorities cover all constitutive elements of the milestone. In particular:

- **Entry into force of legislative amendments to the Social Welfare Act which shall lay down the concept of long-term care and require local authorities to take into account the principle that a person must be able to live as long as possible in his or her home, in his or her usual environment, with sufficient quality services available**
 - The amending Act was adopted by the Parliament on 13 April 2022, was published in the Official Journal on 28 April 2022 and entered into force on 1 May 2022, in accordance with its Article 6.
- Concept of long-term care:
 - Article 1(3) of the amending Act supplemented paragraph 9 of the Social Welfare Act with the concept of long-term care, which did not exist before in the Estonian legislation. According to this article, long-term care means ensuring care for a person who needs assistance in everyday life for a longer period of time because of his or her mental or physical abilities or reduced work ability. The concept also covers the services to be provided to people with long-term care needs and it specifies that the services provided to the person should enable him or her to cope with everyday life in an independent way.
- Require local authorities to take into account the principle that a person must be able to live as long as possible in his or her home, in his or her usual environment, with sufficient quality services available:
 - Article 3 of the Social Welfare Act lays down the principles of social welfare. Article 4 paragraph 1 defines the term “social welfare” which for the purpose of the Social Welfare Act is a system relating to the provision of social services, social benefits, urgent social assistance and other assistance to support a person to live and work independently. Articles 5 (1) and Article 14 of the Social Welfare Act provides that the provision and organisation of the procedure for providing social services, social benefits, urgent social assistance, as well as the organisation of procedures for providing assistance is the responsibility of the local authorities. Article 1 of the amending Act supplemented Article 3 of the Social Welfare Act with a new subparagraph, notably paragraph 21, which specifies that as a priority, social welfare related assistance and support should enable the person to live at home. This has been added in the Act so that the local authorities which are responsible for organising the assistance and support, plan and offer services that support living at home as a priority in order to avoid sending a person to institutional care. Furthermore, Article 1 (6) of the amending Act supplemented Article 15 of Chapter 2 of the Social Welfare Act with a new paragraph, notably paragraph 4, requiring the local authorities to determine the support needs of the person caring for the person in need. This amendment ensures that if a person in need of care turns to the local authority for help, the local authority identifies the caregiver and their need for help and support. Such provision further supports that a person with care needs can stay as long as possible in his or her home. In case a person cannot longer live at home alone (for instance an apartment that is located on a higher floor in a building without an elevator is not accessible to a person with mobility disabilities), the modified Article 3 provides for receiving a service offering a homelike environment and mode of life.
 - Article 1(5) of the amending Act modified Article 15 (1) of the Social Welfare Act as regards the procedure for the assessment, identification and organisation of the provision of assistance and support. Providing assistance by the local authority must now be based on both the person's will and the principle of proportionality, providing the person with services that enable him/her to lead a normal life as

much as possible. People with care needs cannot be left without assistance, and support because the local authority has not developed the specific service in his/her area or because it would be easier to refer the person to 24-hour institutional care.

- Article 96 of the Family law Act which entered into force on 8 May 2022 provides that second degree relatives have no longer a maintenance obligation towards their grandparents. This change increases the responsibilities of local authorities while easing the financial burden on relatives.
- As regards sufficient quality services, one of the key principles of the Social Welfare Act (Article 3 paragraph 2) is that the social services are provided in line with quality principles, which are also listed in the same Article. In order to further improve the existing measures on this aspect, the amending Act added Article 16¹ in the Social Welfare Act on the requirements for a social worker working at a local authority. This article lays down that as social workers can be appointed only those who have been awarded the profession of a social worker on the basis of the Professions Act or who have acquired state-recognised higher education degree in social work or qualifications equal thereto. The qualification requirement contributes to providing quality services to those with care needs, since proper qualification helps the social worker in planning and providing effective assistance. Furthermore, Article 1(27) of the amending Act modified Article 86(1) of the Social Welfare Act in order to improve the provision of special care services. The amendment requires that special care services are provided directly only by a natural person with at least secondary education and the necessary qualifications or suitable vocational or higher education for the provision of special care services.

Commission Preliminary Assessment: Satisfactorily fulfilled