



National Focal Point of Estonia

EEA Financial Mechanism STRATEGIC REPORT 2015

Strategic Report on the implementation of the EEA Financial Mechanism
2009–2014 in Estonia



REPUBLIC OF ESTONIA
MINISTRY OF FINANCE

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1 EXECUTIVE SUMMARY

The overall objectives of the European Economic Area Financial Mechanism 2009–2014 are to contribute to the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthen bilateral relations between the donor states and the beneficiary states.

To achieve the overall objectives, the donor states – Iceland, Liechtenstein, and Norway – contribute 23 000 000 euros to Estonia, out of which 7,5% is assigned for donor states' management costs and the net amount available for Estonia is 21 275 000 euros.

During negotiations between the donor states and Estonia five programme areas were identified as most relevant in order to achieve the overall objectives. As a result of the negotiations, the total amount available was divided between the following programme areas: i) Integrated Marine and Inland Water Management; ii) Funds for Non-Governmental Organisations; iii) Children and Youth at Risk; iv) Conservation and Revitalisation of Cultural and Natural Heritage; and v) Scholarships.

Since all the programmes were approved at the end of 2012, in 2013 the Programme Operators were engaged in launching the programmes, organising match-making events and other publicity events, and setting up and describing the management and control systems at the same time. The project promoters began implementation in 2013 for almost all programmes where predefined projects were foreseen in the programme agreement. Most of the planned calls for proposals were launched in 2013, and in several cases the grant decisions were also made. During 2014, the processes of launching calls and making grant decisions developed quickly and by the end of the reporting period all the planned calls were carried out and most of the grant decisions were made.

As a result of this, the commitment rates in the programmes have reached 98-100 percent and all the programmes are in general progressing as expected and are expected to achieve all or most of the outcomes and outputs. The focus from now on is on successful finishing of the programmes and if necessary, making necessary adjustments to ensure maximum impact. The Audit Authority carried out management and control system audits and audits on projects for five programmes.

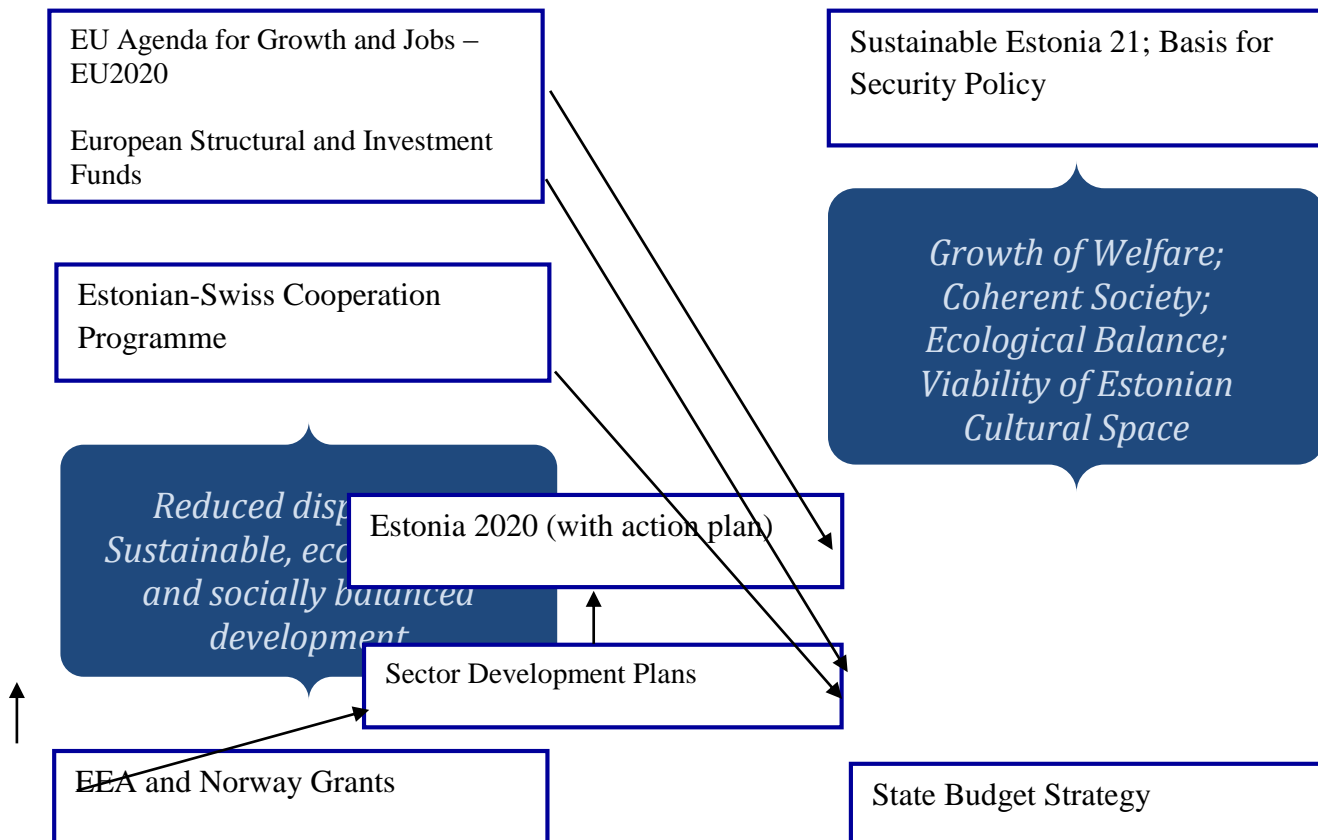
Additionally, the report presents an assessment of how the programmes are expected to help address Estonian development needs in the respective priority sectors and contribute to long-term internal strategies such as Sustainable Estonia 21 or Competitiveness Plan Estonia 2020. This is supported by an overview of the most relevant macro indicators describing the social and economic situation and trends in Estonia.

While the legislative and economic environment can be considered stable in Estonia and all the programmes contribute to internal long-term strategies, no major risks affecting achievement of the expected outcomes have been identified at the particular moment of implementation.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

The main goals of Estonia for the long term are increase in welfare, a cohesive society, ecological balance and viability of the Estonian cultural space¹. The funding from the EEA and Norway Grants 2009–2014 with the objective to contribute to the reduction of economic and social disparities in the European Economic Area helps to address the Estonian development needs in specific priority sectors, which all contribute to longer term internal strategies such as Sustainable Estonia 21 or Competitiveness plan Estonia 2020.

Strategic link



An important function of the EEA and Norway Grants has been the exchange of knowhow and best-practice in order to increase the effectiveness of activities in the priority fields and for the longer perspective enabling strengthened cooperation in the future.

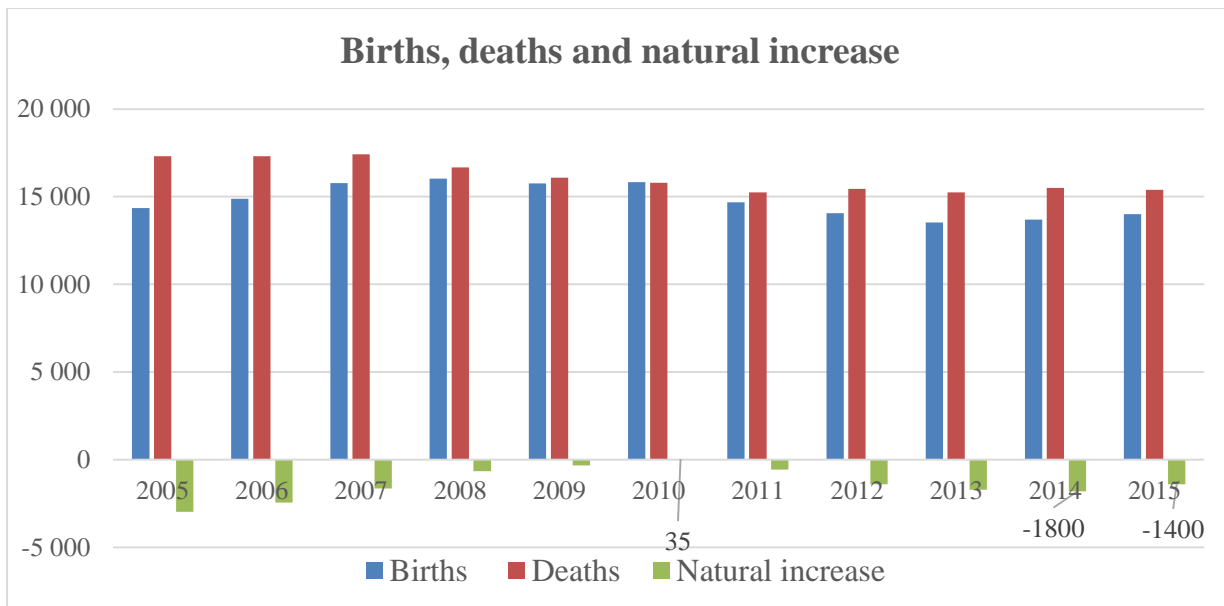
EEA and Norway Grants financial contribution has made possible to address specific problems in the areas, which fall out of the eligibility scope of other funding but are still at great relevance considering the objective of sustainable, economically and socially balanced development and reduced disparities. Thus the support enables to tackle the specific problems so that the overall development needs would be most effectively and efficiently covered, which means that the EEA and Norway Grants' contribution offers real added value. Although it is sometimes difficult to indicate the direct share in the higher indicator level reached, the systematic approach of cooperation and support allows us to believe that the funded programmes and implemented projects will lead to positive long-term impact.

¹ Sustainable Estonia 21.

According to the initial estimates of Statistics Estonia, the population of Estonia was 1 312 300 on 1 January 2015, which is 3 600 persons less than at the same time a year ago.

According to the initial estimates of Statistics Estonia, the population number in Estonia was 1 311 800 on 1st January 2016, which is 1 500 persons less than at the same time a year ago.

The population decreased by 1400 due to negative natural increase (the number of deaths exceeded the number of births and by 100 due to negative net migration (more persons emigrated from than immigrated to Estonia). In total the population of Estonia decreased by 0,1% in 2015. In the last few years, the population decline has slowed down.

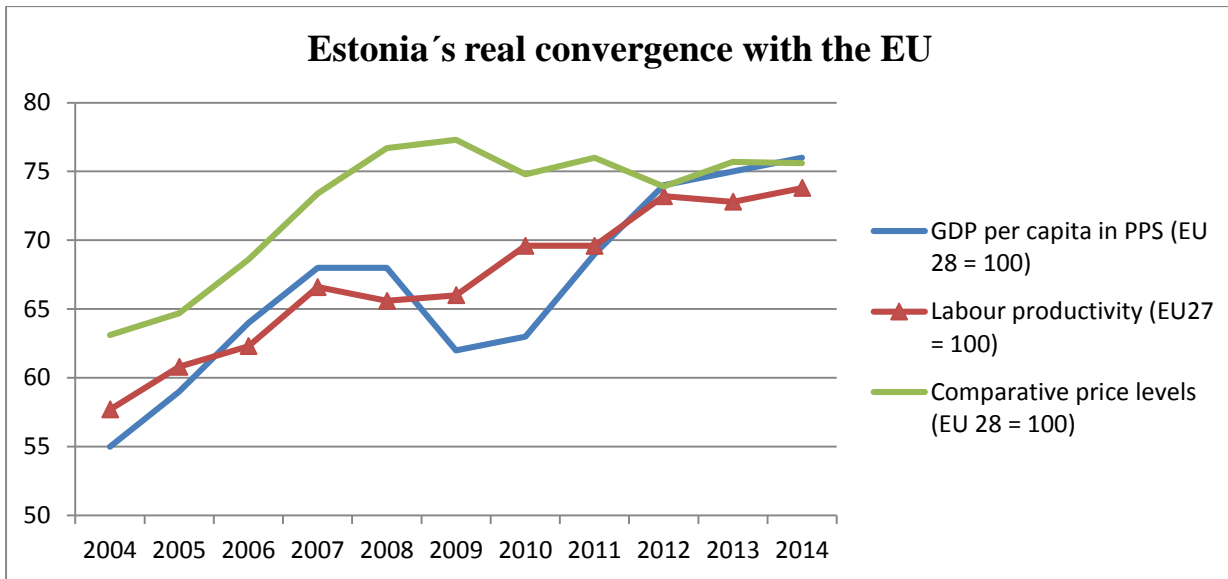


Source: Statistics Estonia

According to Statistics Estonia in 2015 the gross domestic product of Estonia increased by 1,1% compared to 2014, the GDP at current prices was 20,5 billion euros. The year was characterised by a slow but steady growth of the Estonian economy.

Various unfavourable factors independent of the Estonian economic environment had a negative impact on gross product growth late last year. Warm weather reduced added value in the energy sector, keeping demand and consequently prices low in our market region. Demand for electronic devices was in decline in the second half of the year due to the high level of the reference base. The low price of oil on the global market also reduced the production volumes and sale prices of shale oil. The logistics sector struggled because of smaller foreign trade volumes, while production in the construction sector is restricted by the continuing decrease in the number of new-builds and reconstructions.

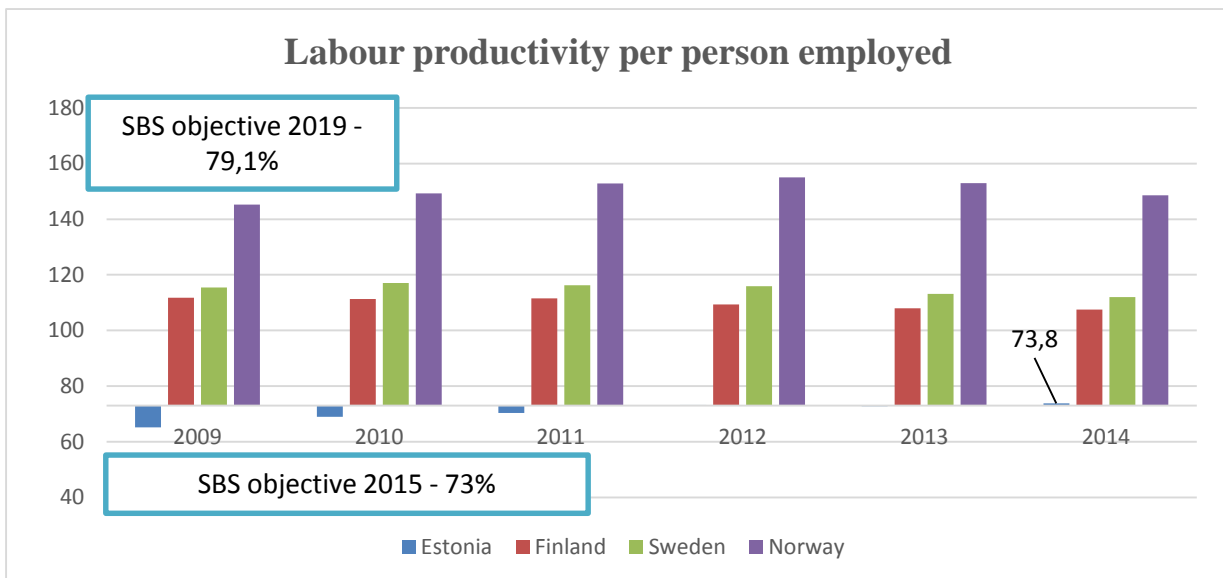
Agriculture, forestry and fishing contributed to the increase of the GDP. In addition, professional, scientific and technical activities and trade contributed the most to GDP growth in 2015.



Source: Ministry of Finance, Eurostat²³⁴, compared to EU 28.

GDP per capita in comparison with the EU28 continues to be low (76%; EU28 being 100%; Norway 178%), and the primary reason is relatively low productivity.

Increasing the productivity and innovation of the economy is one of the most important preconditions of achieving the growth of GDP per capita. For that purpose the Estonian Government has set the target to increase the productivity per person employed up to 73% of the EU average by 2015⁵ and to 80% by 2020. By the end of 2014 Estonia reached the level of 73,8% (73,2% in 2012 and 72,8% in 2013), thus productivity per person employed is approaching slowly to the set target of reaching the EU average.



Source: Eurostat⁶

² <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00116>

³ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00120>

⁴ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00114>

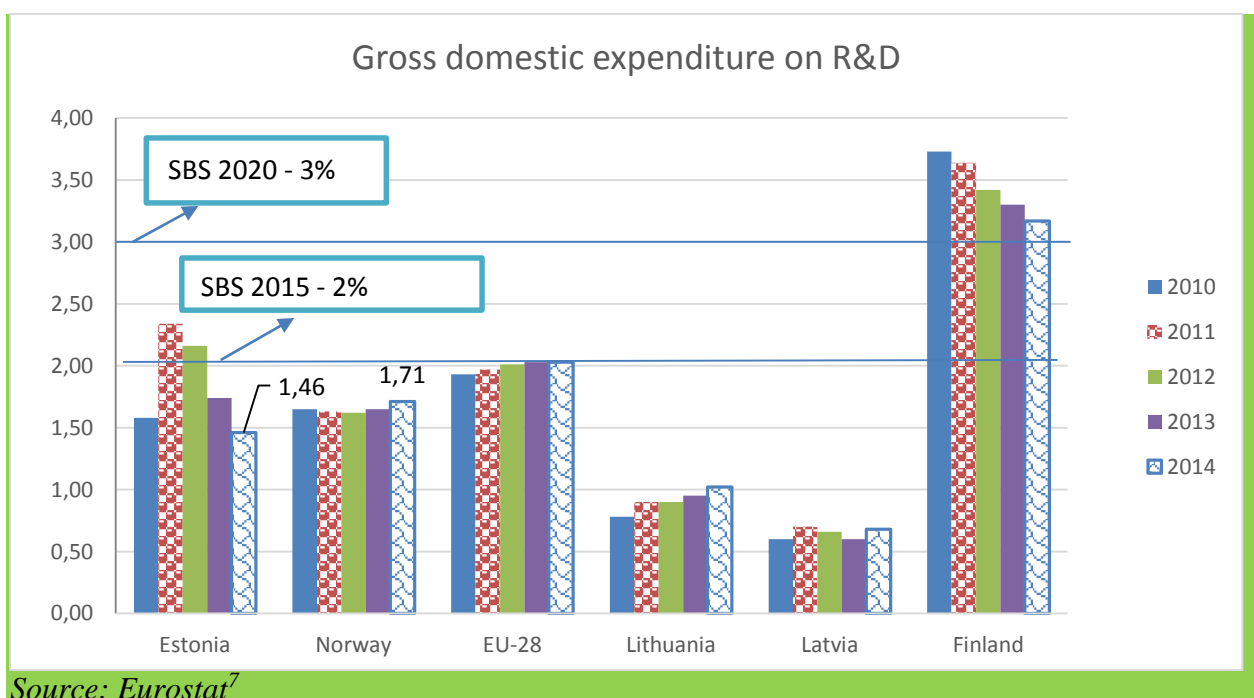
⁵ Estonia 2020

⁶ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00116>

The gross domestic expenditure on R&D was 1,58% in 2010 and 1,46% by the end of 2014, which is below the European Union average. Level of achievement being less than 2%, which was the objective for 2015 is too low to reach the target set for 2020, which is the level of 3%.

Thus finding and participating in new areas of growth is of even greater importance as well as combining of the research, development and innovations systems with the needs of the economy and moving up in the value chains.

This has also been under focus in the Entrepreneurship Growth Strategy for 2014–2020, where it is pointed out that 44% of Estonian SMEs have carried out some product or process innovation, 34% have introduced changes in the area of marketing or management and around one third of them have managed to implement those improvements without any external help. However, innovative entrepreneurs in Estonia are still behind their European partners when it comes to the growth of turnover based on new products and services. Therefore a rather paradoxical situation has appeared where there are more innovative companies in Estonia than the EU average but the turnover of new products in Estonia is considerably smaller.



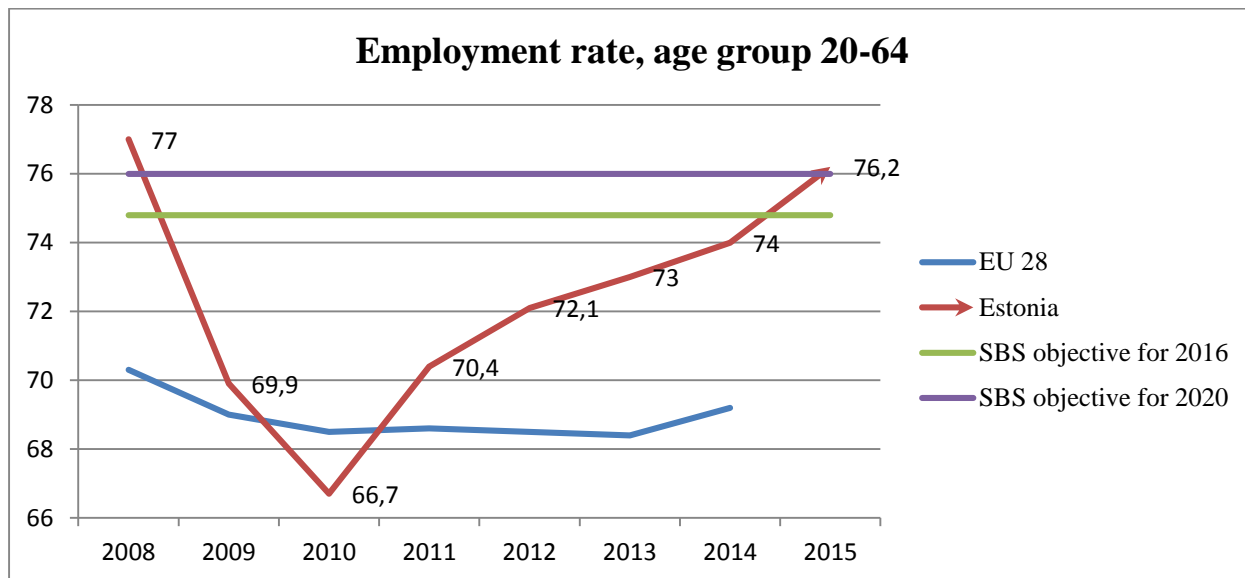
In this context the inputs of the EEA and Norway Grants’ research and scholarships programmes’ as well as of the Green Industry Innovation programme focusing on green ICT are seen as valuable contribution to and in synergy with EU funding under the specific objective “R&D and higher education are of a high level, and Estonia is active and visible in international cooperation in the field of RD&I” given in the Operational Programme of 2014–2020 period, addresses one of the most essential development needs of increasing innovation capacity and competitiveness.

Finding new growth models and a knowledge-based economy also help to address other challenges, such as the ageing population and limited availability of natural resources.

Estonia has set a target of achieving a 76% employment rate in the 20-64 age group by 2020, this objective was achieved by the end of 2015 when the level of employment reached 76,1%. The

⁷ http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_20

level of employment started to recover rapidly in 2011; in 2012 the employment rate in the 20-64 age group increased reaching the level of 72,1%⁸, 73% by 2013, and 74% by 2014.



Source: Eurostat⁹ and Ministry of Social Affairs of Estonia

This positive trend of raising employment rate is partially explained by compulsory registration of employees since July 2014. In coming years labour market developments are also strongly affected by Work Ability Reform, which implementation will start mid-2016 and helps people, with partial work ability to return to the labour market. It is assumed though that remained skills of people, who are being activated by the reform, are not in line with the labour market needs and employers' capability to hire such people is low, resulting in increasing unemployment as of 2017. Positive effects from the Work Ability Reform via increased labour supply are expected to gradually increase in time. This and other activation measures addressed to each age group are prerequisite to cope with the shrinkage of working age population. As the number of people in employment is expected to stop growing due to demographic developments and start declining after 2017, then in the next years economic growth can only be driven by productivity and investments supporting it.

Unemployment in the 15-74 age group decreased to 10,2%¹⁰ in 2012 and continued to decline, reaching 8,6% in 2013, 7,4% in 2014 and 6,2% in 2015¹¹.

Reducing youth (age group 15-24 years) unemployment remains an important challenge for Estonia. In 2015 compared to 2014, the unemployment rate dropped considerably among young people, being 13,1% (15% in 2014), but was still higher compared to other age groups, that still shows that entering the labour market and staying there is still a serious problem for the young. Estonia is committed to decreasing the unemployment rate of young people to 10% by 2020.

The Ministry of Education and Research and the Ministry of Social Affairs have developed special employment and education measures for youth, which support and prepare for transitions between

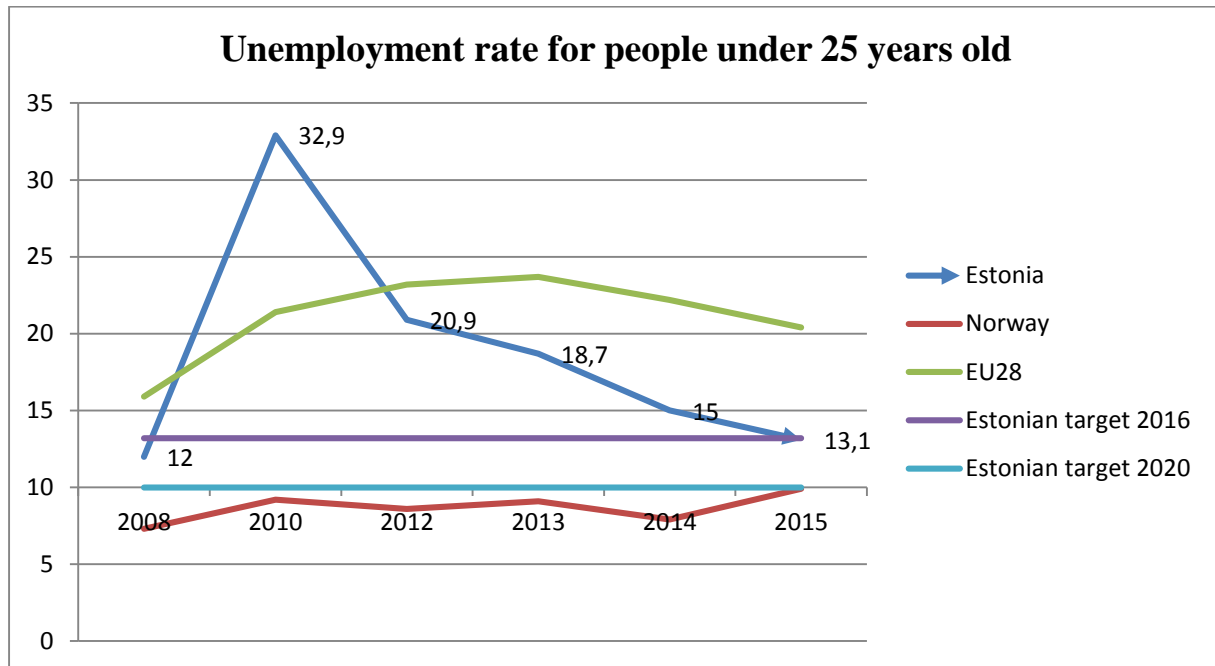
⁸ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10

⁹ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10

¹⁰ <http://www.stat.ee/66661>

¹¹ Statistics Estonia - <http://pub.stat.ee/px-web.2001/Dialog/varval.asp?ma=TT35&ti=T%D6%D6TUSE+M%C4%C4R+SOO+JA+VANUSER%DCHMA+J%C4RGI&path=../Database/Sotsiaalelu/15Tooturg/10Tootud/02Aastastatistika/&lang=2>

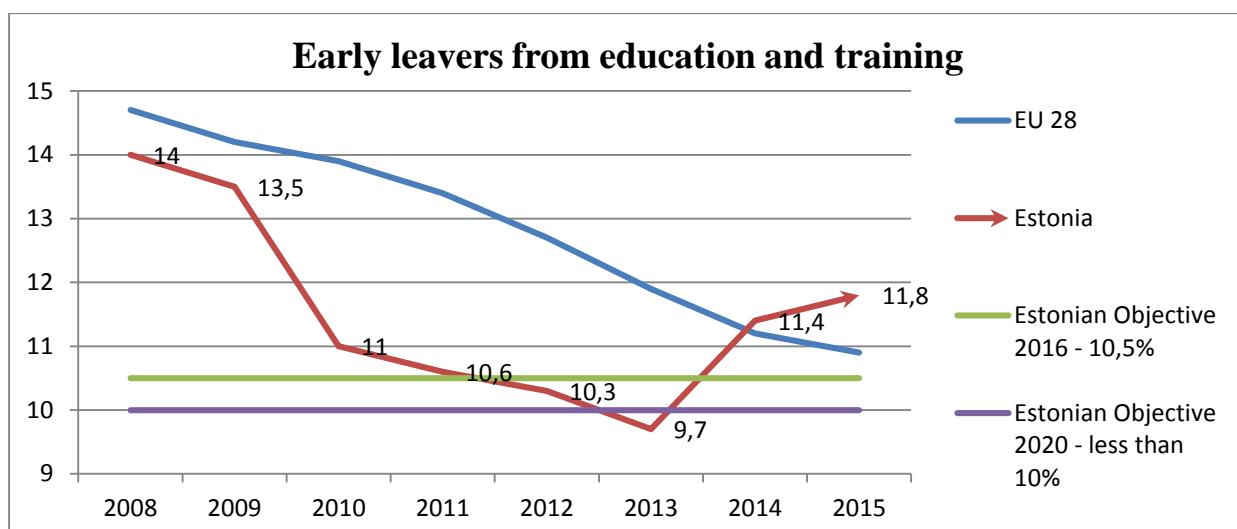
the education system and labour market. These efforts are supported with the activities under the programme Children and Youth at Risk.



Source: Eurostat¹² and Statistics Estonia

Namely through the programme Children and Youth at Risk addressing child welfare, professionals in different agencies are supported in order to provide adequate early intervention and provision of evidence and knowledge-based interventions to support parenting skills and prevent juvenile delinquency. Preventing or minimising negative consequences and reducing the costs of juvenile offending, developing social competences and cohesion in society contribute to achievement of the objectives of the EEA and Norway Grants and move towards socially balanced development. Activities under the programme also contribute directly to the aim to reduce the youth unemployment rate as well as the Europe 2020 goal to reduce the percentage of early school leavers (age group 18-24 years).

¹² http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en



Source: Eurostat¹³

According to Statistics Estonia, in 2014, 21,6% (2013, 22,1% and 2012, 18,6%) of the Estonian population lived in relative poverty and 6,3% (2013, 8,0% and 2012, 7,3%) in absolute poverty. In 2014, a fifth of children under 18 lived in relative poverty as before, while the absolute poverty rate of children has slightly decreased (10% in 2013 and 9% in 2014).

The level of education significantly affects the risk of falling into poverty. Among persons with basic or lower education in 2014 every third was in the poorest and only every fourteenth in the richest income quintile. At the same time, one-third of people with higher education belonged to the richest fifth.

By means of reducing regional disparities between EU countries and Estonia the following table shows improvements with regard to set convergence objectives, where it can be seen that although Estonia has with regard to some indicators already exceeded the EU average, then compared to achievement levels of Norway, Estonia still needs a lot of improvement and experience gained through partnerships under the EEA and Norway Grants enhances the positive development perspectives.

Indicator	EU 28 average	Norway	Estonia					
	2014	2014	Objective 2016/2020 ¹⁴	2015	2014	2013	2012	2011
GDP per capita in PPS ¹⁵	100	178	N/A	N/A	76	75	74	69
Level of R&D investments of the GDP, %	2,03	1,71	2/3	N/A	1,46	1,74	2,16	2,34

¹³ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdsc410>

¹⁴ State Budget Strategy 2014-2017

¹⁵ <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00114>

Employment rate of the age group 20-64, % ¹⁶	69,2	79,6	74,8/76	76,2	74	73,3	72,1	70,4
At-risk of poverty rate after social transfers, % ¹⁷	17,2	10,9	16,5/15	N/A	21,8	18,6	17,5	17,5

Source: Eurostat and Estonian Statistics

2.1 Cohesion

2.1.1 Environment and climate change

The priority sector includes one programme – Integrated Marine and Inland Water Management. With this programme there are clear connections and a valuable contribution to the objectives of the Estonian Environmental Strategy (EES2030). EES2030 is a strategy for developing the sphere of the environment which builds upon the principles of the National Strategy on Sustainable Development "Sustainable Estonia 21" and serves as the basis for the preparation and revision of all sector-specific development plans within the sphere of the environment.

a) Contextual Trends

The environmental challenges of the future are to secure a low-carbon, resource-constrained world while preventing environmental degradation, biodiversity loss, and unsustainable use of resources among others water pollution, which is the central subject under current programme. The limitation of the resources is an initiator for more environmentally effective, scientifically sound and long-term valid solutions which are integrated not only to environmental policies but also with decisions in other sectors.

One of the objectives of the Estonian Environmental Strategy is to improve the status of surface water (including coastal waters) and groundwater (to achieve the “good” status) and to maintain the status of water bodies that already have “good” or “high” status.

This objective is in line with Estonia’s obligations deriving from EU marine and inland water legislation, the EU Strategy for the Baltic Sea Region and the HELCOM Baltic Sea Action Plan 2021.

Despite the extensive investments made so far, Estonia remains unable to comply fully with the requirements that arise from the Water Framework Directive, the Drinking Water and Urban Wastewater Treatment Directives, and the HELCOM Baltic Sea Action Plan, and to provide residents with drinking water compliant with requirements and ensure the collection and treatment of wastewater.

In Estonia 60% (2014) of surface water and 79% of groundwater is in good or very good condition. In the Water Management Plans approved by the Government it is aimed that by the end of 2021 in Estonia 81% of surface water bodies and 84% of groundwater bodies are at least in good

¹⁶ http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10

¹⁷ <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tps00184>

condition. Therefore specific measures are foreseen in these plans, precondition for effective implementation is that proper monitoring system must be further developed.

Several changes in legislation took place in 2015, on 8th of July 2015 Estonian Parliament adopted amendments to the Water Act to ensure the implementation of the Marine Strategy Framework. The first draft of the programme of measures for the Marine Strategy Framework Directive was finalised at the end of 2015 and is planned to be finalised (this includes also approval by the Government) with April 2016.

On 17th December 2015 Action Plan 2016-2020 of Nature Conservation Development Plan was approved by Estonian Government. On the same day Estonian Government also approved National Development Plan for the Utilization of Oil Shale 2016–2030.

Indicator	Norway		Estonia				
	2014	Objective 2020	2014	2013	2012	2011	2010
Share of renewable energy in gross final energy consumption ¹⁸	69,2	25	26,5	25,6	25,8	25,5	24,6
Proportion of waste recycling of total waste, %		50	36 ¹⁹	52	59	55	37
Total greenhouse gas emissions (without land use, land-use change and forestry sector (LULUCF)) (in the equivalent of a million tonnes of CO ₂).		20	21,0 5 ²⁰	21,7 4	19,9	21,17	20

b) EEA Grants' contribution

The desired state of Estonian ecological balance by the year 2030 is a stable and knowledge-based management of our environment. This includes among other things cross-usable national registers of natural resources, organized statistics, integrated planning which takes place based on careful consideration of environmental balance in every sphere of life. The funding from the EEA Grants for the programme contributes directly to the achievement of the abovementioned long term goal.

The objective of the programme Integrated Marine and Inland Water Management is to achieve good environmental status in European marine and inland waters.

Due to the gap in supporting activities that contribute to managing marine and water related problems in an integrated manner the contribution of EEA Grants and experience of the Norwegian Environment Agency as the Donor Programme Partner are of great importance. Under the programme marine and inland water researches and studies are conducted; availability measures

¹⁸ http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=t2020_31&plugin=1

¹⁹ Recycling has fallen compared to 2013, as most of the waste rock was used to close the landfill. Today, landfills are closed, and thus there is less opportunities for re-use waste rock. Prognosis for 2015 – 37%.

²⁰ Initial prognosis for 2015 is 21,225.

for the environmental information are developed and proposal for Estonian climate change adaptation strategy will be compiled.

Under the project “Developing the programme of measures for the Estonian marine area in compliance with the requirements of the EU Marine Strategy Framework Directive, including feasibility study on using LNG as an alternative ship fuel to reduce pollution” quantitative targets have been developed for the environmental objectives that were set out in 2012 in accordance with the Marine Strategy Framework Directive. The feasibility study of using LNG as ship fuel and assessment of pollutant emission factors from LNG fuelled ships showed that the usage of LNG as ship fuel is more environmentally friendly reducing the airborne pollution of Nitrogen to marine waters and is also cost effective to ship owners if ordering new ships that are running on LNG and in presence of LNG infrastructure.

The project “The development of data-modelling system and the decision support tool for the integrated marine and inland water management” has substantial added value to the availability of information on environmental impact, status and trends. By the end of 2015 the input data necessary for the performance of the system of the models has been determined.

In cooperation with the representatives of the partners the applications displayed on the desktop of the water specialist have been selected and identified in detail. Appropriate models have been chosen for the data-modelling system, and the detailed description of the necessary modules for linking the models into the developed system is currently in progress.

Under the project “The elaboration of Estonia’s draft National Climate Change Adaptation Strategy (NAS) and Action Plan” impact assessments were conducted by 4 research groups in 8 key priority areas as an input to the strategy during 2015. Using the Estonian future climate scenarios until 2100 expert teams compiled reports, indicating more detailed focus areas within the key priority areas and thereafter possible positive and negative impacts of the climate change until the end of the century; followed by developing possible adaptation measures, which state institutions can implement, in order to minimise the negative impacts and make good use of the positive ones. In December the steering committee confirmed a part of the climate change sectoral adaptation measures. In the first quarter of 2016 the main focus is on the process of combining the input from all previous research activities into the unified draft of the strategy and its action plan, which shall be ready by April 2016.

2.1.2 Civil society

The priority sector contains one programme: Fund for Non-governmental Organisations

a) Contextual Trends

Increasing the coherence of society and the inclusion of people from different language and cultural backgrounds in the society is becoming increasingly important from the perspective of stability, economic growth and well-being.

Estonian society is diverse both culturally and in terms of legal status: Estonia is home to 180 ethnic groups other than Estonians; they constitute about 31% of the total population. The number of new immigrants, i.e. refugees, returnees, foreign workers and foreign students is growing and these people need support to adjust to society and to enter the labour market. It is also important that the Estonian society and citizens show tolerance to those groups, which requires improved communication measures.

The Government in its session on 19th of February 2015 adopted the “Civil Society Development Plan 2015–2020”, which aims at the promotion of civil society in 2015–2020. The new plan focuses on two priorities: socially active residents and acting capabilities of citizens’ associations, i.e. ensuring that citizens’ associations have sufficient possibilities for achievement of their goals. The development plan establishes the goal of participation of citizens’ associations in the formation of policy as a natural valued cooperation. It is also important to increase the influence of citizens’ associations in the process of dealing with social problems and improvement of well-being of people through social innovation, social entrepreneurship and provision of public services.

Unemployment rate by origin, %		
	Estonian citizenship²¹	Other citizenship
2010	14	29
2011	10,6	21,3
2012	8,5	18
2013	7,6	14,3
2014	6,5	12,4
2015	5,7	9,2

The number of non-profit associations increased by 193 in 2013, while the number of foundations decreased 76.²²

Economic units	2009	2010	2011	2012	2013	2014
Non-profit Association	26 679	28 303	29 507	28 183	28 376	29 439
Foundation	779	783	791	833	757	750
Government Institution	336	298	293	288	273	257
Local government Institution	2 530	2 513	2 497	2 469	2457	2 432
Total	30 324	31 897	33 088	31 773	31 863	32 878

Source: Statistics Estonia²³

However, citizens’ associations have gained power and skills, which have increased their capacity to earn income, provide public and societal services, start up social enterprises, etc. Citizens’ associations that participate in shaping politics increasingly feel their significant role in finding the best solutions to the challenges that the society is facing and in improving the preparation procedures and the quality of legislation and policy documents.

b) The contribution of EEA Grants

The programme supports projects initiated to promote democratic values, including human rights, for developing advocacy and a watchdog role, and small capacity-building projects. Special attention is paid to multicultural dialogue and the integration of national minorities, as well as strengthening the capacity of NGOs developing social services, with the focus on activities targeting children and youth.

²¹ <http://pub.stat.ee/px-web.2001/dialog/Saveshow.asp>

²² Data of Statistics Estonia

²³ <http://www.stat.ee/68778>

There is great potential for resolving the problems of Estonian society through the contribution from NGOs. Taking on the best practices of Norway, Iceland, and Liechtenstein provides an opportunity to further develop NGO capacity-building and spread their activity in an influential way. The programme has already contributed considerably in building the capacity of Estonian NGOs.

The outcome of promoting democratic values, including human rights, is generally expected to be reached by the end of the programme period.

During the programming period 2012–2016 altogether five open calls for projects were organized. The last open call on bilateral cooperation ended on 9th December 2015. 4 projects were funded and started their activities in January 2016.

2.1.3 Research and scholarships

The priority sector includes one programme – the Scholarship programme. This programme is implemented in cooperation with the Norwegian-Estonian Research Cooperation programme and the Scholarship programme financed from the Norway Grants.

a) Contextual Trends

Finding new sources of growth, making economy more knowledge-intensive and increasing the impact of Estonian science are according to analyses made at the end of 2011 Estonia's essential development needs in the 10 years perspective. R&D and more generally the higher education system should be means of achieving structural changes in the economy and the wise positioning of Estonia in the international division of work.

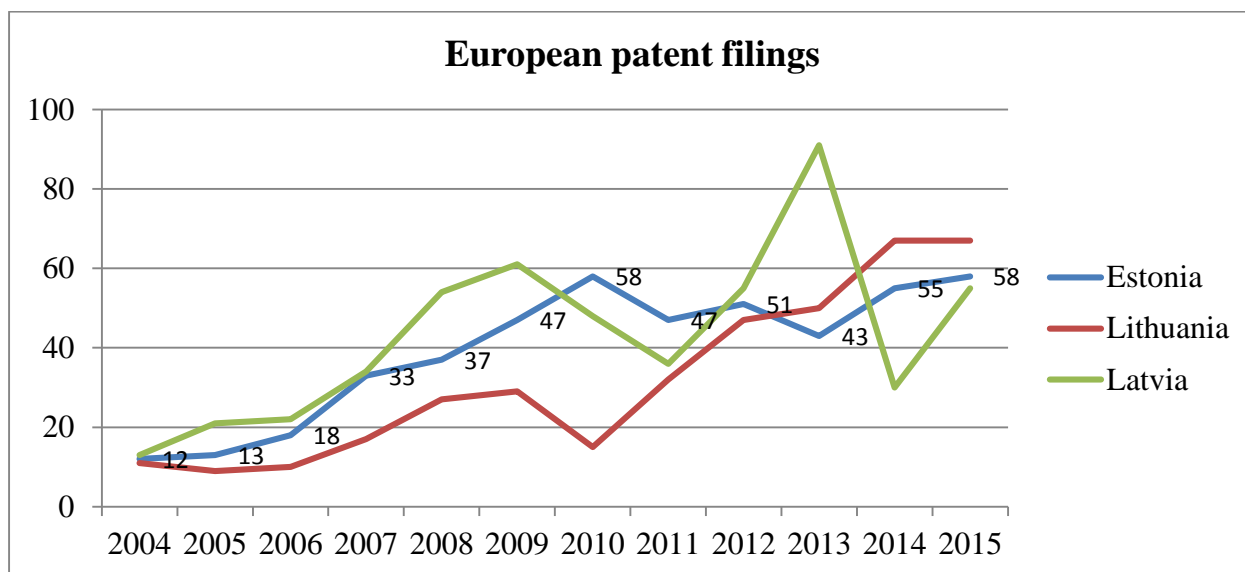
Thus the objective written into the National Reform Programme "Estonia 2020" is to create preconditions for increasing the volumes of research and development in the private sector and raising the number and quality of innovation outputs.

Public sector R&D capability, including the placement of our universities in international ranking lists as well as the efficiency and effectiveness of R&D, play a key role in companies' research and development capability. The academic activity is a key connecting link between domestic and international networking of people and knowledge, which is one source for raising the innovation capacity of companies and attaining higher value added. In future, R&D&I will depend more on developments in other European countries and on Estonia's capacity to contribute to international cooperation. Economic growth, employment and social well-being increasingly depend on the interaction and substantial cooperation between higher educational institutions science communities and businesses.

Estonia 2020 sets the target of raising the level of investment in R&D to 2% of GDP by the end of 2015 and to 3% by the end of 2020 (achievement level – 2,19% in 2012, 1,74% in 2013 and 1,46% in 2014) and ensuring that the increase in labour costs does not significantly exceed the growth rate of productivity. The aim is to support the development of growth-capable sectors selected using the smart specialisation methodology and to support cooperation between enterprises and research institutions.

Country Specific analysis 2016 under European Semester include finding that only limited number of companies collaborate with research institutions, resulting in a low level on patent applications.

There were 58 patent filings by Estonian companies in 2015 compared to Norway where the number of patents filings in 2015 was 775 or Finland with 2371.



Source: European Patent Office²⁴

Ministry of Education and Research has the objective of raising the level of internationalisation of research and education, among other in the “The Estonian Lifelong Learning Strategy 2020” is set objective to reach by 2020 the students mobility to 10%, being 3,5% in 2014.

b) The contribution of EEA Grants

Enhanced human capital and knowledge base through transnational cooperation is the objective of the scholarship programme in Estonia. The chosen measures will encourage more active student and staff mobility, and an increased and strengthened cooperation between secondary education institutions. The programme contributes directly to the objectives of the Estonian Lifelong Learning Strategy for 2014–2020, which turns special attention to moving towards a development- and cooperation-based approach to the study, skills, and knowledge of teachers and academic staff, and strengthening the connection between education and a knowledge-based society and innovative economy.

In previous years, student mobility between the higher education institutions of Estonia and Norway has been rather inactive. There are several explanations, but one of the main barriers to use of the Erasmus scholarship for studying in Norway is the rather low level of Erasmus grants and lack of personal co-funding; the cost of living index in Estonia differs from that of the Nordic countries. Hence, the programme will surely contribute to increased higher education student and staff mobility between Estonia and Norway, and has opened up new opportunities to gain valuable experience through cooperation.

In 2015, we saw a considerable rise in the interest towards the Programme among the higher education institutions – 11 projects for Mobility in Higher Education Level were selected for funding, compared to the 4 projects selected in 2014. Main challenge of the Programme is related to the considerably low level of student mobility. In selection process the first priority was given

²⁴ <http://www.epo.org/about-us/annual-reports-statistics/statistics.html#filings>

to student mobility but the ratio of student and staff mobility in their applications is in favour of staff mobility and therefore it is still a very clear risk that by the end of the programme the number of students remains lower than expected.

10 Cooperation Projects at Upper Secondary Level will contribute to the increased and strengthened institutional cooperation between Beneficiary and EEA EFTA States. According to the reports of cooperation projects the mutual knowledge and understanding between partner schools is increased through smooth cooperation, shared outcomes and staff visits.

The topics of cooperation projects cover areas such as sustainability, natural sciences, mathematics, healthy lifestyles, finding new ways to face technological challenges, etc. According to the final and interim reports, the projects are expected to provide at least 10 joint products and services as a result of the cooperation and strengthen bilateral relations at the institutional and country level. For example output of one already finalized project “Practical mathematics in technical education and other fields” implemented by Pärnumaa Vocational Education Centre in cooperation with NGO Skills Estonia and Breidholt College (Iceland) focused on teaching mathematics in an innovative and creative way. As a result of the project learning materials (both e-materials and paper textbooks) were developed to help students better understand and use mathematics, especially geometrics. The materials include texts, practical tasks and exercises and learning videos. Considering the fact that one of the objectives of The Estonian Lifelong Learning Strategy 2020 is to increase the share of tertiary graduates in Mathematics, Science and Technology as a percentage of all tertiary graduates has this project valuable input to the objective.

2.1.4 Cultural heritage and diversity

The priority sector contains one programme: Conservation and Revitalisation of Cultural and Natural Heritage.

a) Contextual Trends

The manors are an important cultural heritage in Estonia. The network of schools in the former mansions of nobility is a peculiarity of Estonia and Latvia, and reflects the educational and social history of Estonia since the 1920s. The manor complexes in themselves serve as a study environment of history of culture, art and architecture, and, of course, of political and economic history.

At the beginning of the programme there were 59 schools and orphanages in old manor houses. By now more rural schools have become more active identifying themselves as manor schools, the number of the manor schools has grown to 69. This rise reflects the growing positive image of this type of school and the importance of heritage as a driver of local life. Also many privately owned manors that operate as training centres have cooperated in the activities of the programme. Many of them represent the best examples of architectural heritage, and a large number of them are under state protection.

Over 50 of the 227 local government units have a manor-school within their territory and approximately every 5th primary school in the Estonian countryside is located in an old manor house.

The use of old manor houses as schools can be considered as finding new applications for historic heritage, but their objectives are much broader and have a social tendency: to develop local cultural

identity; to encourage local people to participate in and to increase their knowledge about the value of cultural heritage; to promote local economical life through cultural heritage; and to create new partnership relations between different communities and on an international level.

The conditions in the programme area have not changed since the submission of the programme proposal, although according to the published results of the Census 2011²⁵ the overall trends toward urbanisation and regional inequality have deepened. The existence of manor houses as schools, with their friendly environment enabling the personal development approach to the child in education, is a very strong argument for young families when choosing where to live and raise children, and thus supporting balanced regional development.

b) The contribution of EEA Grants

Key activities of the cultural heritage programme in Estonia include the preservation and revitalisation of manor houses operating as schools. Through the implementation of the restoration activities, the learning environment of Estonian schoolchildren is enhanced and the manors meet European standards.

The impact is on the one hand the pure fact that the manor schools are restored and protected, which is crucial, considering that more than 2/3 of the manor school buildings are listed as architectural monuments. 9 manor schools were restored during the period 2004–2009 and 4 during 2009–2014. In addition also 4 development projects included some restoration activities that enabled to take into use the manor outbuildings that had been abandoned for years. During the two programming period approximately 25% of the manor school buildings were restored. The restoration work has enabled and guaranteed the usage of cultural heritage, which is an essential prerequisite for its preservation.

The additional value added gained is through the study possibilities for students of restoration at the Estonian Academy of Art, Tartu Art College, and Hiiumaa Vocational School, supporting the continuity of professionalism, as large restoration investments into public premises are quite rare.

The wider impact of the programme is the added value in regional development, tourism, and business. The image of various regions is often tied to the cultural life in the region, and the local cultural space also influences the motivation of people to either stay in the region or leave. In addition education related additional activities in manor schools like study visits etc. support also the teachers' confidence and motivation to stay in the rural area.

The previous implementation of the national manor schools' programme and the EEA and Norway Grants have demonstrated the capacity of the renovated manor schools to serve successfully as community centres and carry out several functions in the area. This has influenced the socio-economic development in small communities, for example, by giving opportunities for emerging private enterprises that have enabled creation of new jobs and diversification of seasonal activities, which in turn has attracted more tourists and increased the viability of the regions.

The main focus of the development projects was on community involvement, creation and supporting of new activities to open the manors to the community and visitors as local cultural centres. In most of the cases a significant number of community members were involved in the

²⁵ <http://www.stat.ee/rel2011>

implementation of the project, a variety of new activities that contribute to community development, job creation and thus enabling also schools sustainability were developed.

The projects have been promoted in local communities and national media and received a lot of attention.

The exhibition on manor schools in the Museum of Estonian Architecture was opened in the prime time from June to September and the duration of 3 months made it the longest temporary exhibition in the museum. The number of visitors – 5524 – exceeded the expectations.

2.1.5 Human and social development

The priority area contains one programme – Children and Youth at Risk.

a) Contextual Trends

Social cohesion indicators in Estonia are considerably lower than in Northern and Western Europe. Social inequality is evident in the low status of social groups like disabled people, the elderly, ethnic minorities and limited involvement in community life. It is important to guarantee that Estonian society is tolerant and that the principles of equal treatment are adhered to.

As of 2014, the Estonian Human Development Index is ranked 30, the year before it was 33rd according to the Human Development Report Office.²⁶

Achievement of indicators	Achievement				Target for the State Budget Strategy 2015–2018		
	2011	2012	2013	2014	2013	2014	2015
Rate of relative poverty before social transfers, % ²⁷	40,1	39,6	40,7	39,4 ²⁸	41,2	40,5	40,1
Rate of relative poverty after social transfers, % ²⁹	17,5	18,6	22,1	21,6	16,9	16,7	16,5
Employment rate in the 20-64 age group, % ³⁰	70,4	72,1	73,3	74 & 76,2 in 2015	71	71,5	73,4
Youth unemployment rate in the 15-24 age group, %	22,4	20,9	18,7	15 & 13,1 in 2015	20	17	15
Long-term unemployment rate, %	7,1	5,5	3,8	3,3 & 2,4 in 2015	5	4,4	3,6

Young people are a large risk group on the labour market. The youth (15-24) unemployment rate is a problem in practically all EU Member States In Estonia the youth unemployment rate was

²⁶ <http://hdr.undp.org/en/statistics/hdi>

²⁷ <http://pub.stat.ee/px-web.2001/Dialog/varval.asp?ma=HHS01&lang=1>

²⁸ Data for 2015 will be available by the end of 2016

²⁹ <http://pub.stat.ee/px-web.2001/Dialog/varval.asp?ma=HHS01&lang=1>

³⁰ http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10

13,1 % in 2015 (15% in 2014 and 18.7% in 2013), the average unemployment rate being 6,2% in 2015 (7.4% in 2014 and 8.7% in 2013).

Early school-leavers are more likely to be unemployed and live at risk of poverty during the subsequent periods of their lives. Thus, success on the labour market depends on the quality of young people's studies and the education they acquire. Their more difficult situation on the labour market is also reflected by the fact that young people who were not in education, employment, or training (NEETs). Also, young people who have committed offences find it more difficult to participate in the labour market. High youth unemployment is a major social risk factor in the long run. This may lead to the exclusion of this age group from the labour market and society as a whole.

There were adolescents aged 15-24 neither in employment nor in education and training (NEET) 10,8% of the age group in 2015 and 11,7% in 2014.

Developments in the policy are in 2015:

- The Ministry of Education and Research is implementing European Structural Funds programmes for 2014–2020, which sets targets to support youth's ability to work and reduces the risk of social exclusion and delinquent behaviour.
- The Government has approved a memorandum that makes the approach and intervention regarding young offenders part of the child protection system starting from 2016.
- The Ministry of Justice and Ministry of Internal Affairs are developing new state strategies for preventing violence and securing public order. Both of the strategies address the issues of children at risk and networking in local governments.

b) The contribution of EEA Grants

The Children and Youth at Risk Programme is focused mostly on the efforts to help vulnerable (neglected, abused, truant children, pupils with learning and behavioural difficulties, children in broken and poor homes and with weak social ties, children in closed institutions) children and minors who breach norms and laws in society. The specific field has previously been underfunded and fragmented.

Norway has long experience in dealing with children at risk and improving their well-being. As timely and relevant intervention is of crucial relevance, the transfer of knowledge is very valuable for Estonia. With the partners' support, advice and best practice examples of a developed sustainable system is the most essential value added.

During the reporting period the implementation of two evidence-based programmes - the positive parenting programme Incredible Years (IY), and for youth with serious behavioural problems and their families, Multidimensional Family Therapy (MDFT) were on-going. The first IY training groups for Russian and Estonian speaking parents were carried out and five MDFT teams are working with young people and their families across Estonia.

The projects selected under open calls help to achieve the set objectives, namely: community-based crime prevention measures are enforced in a larger number of municipalities; more inclusive integration strategies lead to reduced drop-out rates for forms 7-9 in schools; excluded young people are socially included and re-offending behaviour is prevented; and incarcerated youth receive aftercare.

Promoting tolerance, multicultural understanding and the rights of minorities is supported through the implementation of projects. Minorities are included in different activities under the finance projects. Special attention is given to implementing activities which involve youths with special needs (including those with disabilities, study difficulties, etc.) and whose mother tongue is not Estonian.

During 2015 the programme contributed significantly to the prevention and mitigation of youth exclusion risk. Through the youth services contact was made with 6739 young people. Youth centres offered interest based activities involving 17 143 young people. 239 adolescents freed from prisons and specialist schools continuous support was offered. As a result of the project “HUKK-AP” 2281 youth at risk participated in interest based activities. 347 families were consulted. To involve youth 69 regional interest based activities were launched.

The programme contributes directly to reducing the rate of juvenile crime. In addition to that, the established early intervention schemes and individualised educational, psychological, and social assistance for pupils at risk of drop-out both in general education and vocational education and training contribute to the European as well as the Estonian 2020 objective to reduce the high share of early school-leavers. In addition to that, there is synergy with the specific objective of the Structural Funds, which foresees inclusion and improvement of the employability of young people, including those at risk of exclusion.

2.2 Bilateral relations

Extent of cooperation, improved knowledge, and mutual understanding

As in previous years of implementation, during 2015 the POs also played an active role in fostering bilateral relations. Facilitation of bilateral cooperation has been carried out on different levels, starting from ministries, umbrella organisations, universities etc. The bilateral cooperation during the implementation of the programmes has a clear impact on the extension of cooperation.

There have been organised multilateral networking events, cooperation seminars and workshops, study tours to Norway, Denmark, Iceland and Portugal and international conferences. Also, Norwegian experts have provided consultations sharing professional experience and contact seminars have included a wide range of peer learning and knowledge exchange activities. The Association of Estonian Open Youth Centres in co-operation with Ungdom & Fritid from Norway prepared a draft version of online handbook “Main principles in youth work”. Many new contacts have been made between current and potential project promoters.

All the POs highlighted in the annual reports the very important role of the donor programme partners, who have been excellent advisers in all matters concerning the implementation of the programmes (e.g. given valuable advice on selection criteria and procedures) and a particularly great help in finding partners through their professional networks distributing information to potential partners.

From the bilateral fund on the national level the Norwegian-Estonian e-Governance Initiative was launched (the activities will continue in 2016) and to facilitate that, the allocation of the fund was increased in 2015. The aim is to strengthen cooperation between Norway and Estonia and in particular to strengthen, implement and develop cooperation between leading partners in Norway and Estonia within the areas of innovation, business development and e-governance. The second initiative funded on a national level is the cooperation between Estonian and Norwegian Swimming Organisations.

Shared results and wider effects

In 2015 the most important bilateral activity in manor schools programme was a joint study tour for stakeholders from Estonia and Norway to the manors in Denmark. The manor network in Denmark is nearly as tense as in Estonia. They have several outstanding initiatives to maintain, restore, use and promote manors as sustainable historical sites. These served as valuable examples for both Estonia and Norway as both countries struggle with the preservation and maintenance of protected built complexes in rural areas. The group consisted of people who work at schools, heritage protection, museums and owners or managers of manors on state, municipal and private level from Estonia and Norway. The tour included site visits, meetings with relevant organisations and theoretical lectures. Many useful contacts were made that will enhance future activities between Norwegian, Estonian and Danish counterparts. The feedback from study tour was very positive and the follow-up activities are planned.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme status

	Programme	Open calls launched/closed	Commitments made by PO ³¹	Disbursements made by PO ³²
EE02	Integrated Marine and Inland Water Management	All planned open calls launched and grant decisions made, 3 project contracts were signed in 2015	6 900 000 100%	3 813 822 84,6%
EE04	Children and Youth at Risk	All planned open calls launched, last grant decisions were made in 2015	6 504 621 100%	2 923 415 44,9%
EE05	Conservation and Revitalisation of Cultural and Natural Heritage	All planned open calls launched and project contracts signed	4 509 514 100%	1 504 486 84,6%
EE10	EEA Scholarship Programme	All planned open calls launched, last grant decisions were made in 2015, 11 projects were approved	1 576 911 ³³ 98,6%	1 074 488 67,2%

3.2 Individual Programme summaries

3.2.1 Integrated Marine and Inland Water Management

The programme has three expected outcomes and under each up to three outputs:

1st expected outcome – “Established environmental targets and management plans for marine and inland waters” and its outputs:

- The programme of measures for the Estonian marine area, including a feasibility study on using LNG as an alternative ship fuel to reduce the pollution developed
- An integrated governance system for maintaining marine, coastal, and inland water ecosystem services developed and the capacity raised, including the favourable conservation status identified (through conducted inventories and enhanced databases) and relevant methods to establish baseline scenarios, and a monitoring and reporting system for the number of marine, coastal, and inland water habitat types and species according to the Habitats and Bird Directive and Marine Strategy Framework Directive developed.

2nd expected outcome – “Improved environmental information on impact, status, and trends” and its outputs:

- Data-modelling system and the decision support tool for the integrated marine and inland water management developed

³¹ Project contracts according to the Structural Funds Operating System

³² According to the Structural Funds Operating System

³³ Together with the Norwegian-Estonian Scholarship Programme

- An infrastructure for spatial information according to the requirements of the INSPIRE Directive established
- The methodology developed and assessments for the key ecosystem services of marine and inland waters conducted. The conservation management of habitats for the threatened fish population of the Baltic Sea, and implementation of action plans for threatened river species (e.g. freshwater pearl mussel) carried out.

3rd expected outcome – “Developed strategies and measures for adapting to a changing climate” and its outputs:

- Proposal for Estonian climate change adaptation strategy compiled
- Research to analyse and identify impacts of climate change and assessment of national measures for adaptation carried out

To achieve the expected outcomes, the programme comprised of four predefined projects and three open calls were approved in the programme agreement. In 2015 all predefined project were ongoing and will be finished in 2016. The third open call was open from August to October 2014, 3 project contracts were signed in January-February 2015, third open call projects were finished by 31th of August 2015.

Based on preliminary assessment of the granted projects’ expected outcomes, it can be assumed that all the target values of the programme’s expected outcome and output indicators will be fulfilled by completion of the supported projects. The biggest risk factor in achieving results is insufficient implementation. As all of the projects started showing a considerable period of delay, the PO carried out 3 on-the-spot checks in 2015. The primary mitigation measure – redesigning project schedules taking into account the delayed start of implementation – has been employed. The Co-operation Committee decided to approve the project’s “The development of data-modelling system and the decision support tool for the integrated marine and inland water management” extension until 31.10.2016 with updated budget lines and activity plan.

Bilateral relations have been strengthened mainly through events focusing on the development of project partnerships – study tours and partner search days. Co-operation with the Donor Programme Partner has been very close and effective. Within thirteen projects a total of twelve partnership contracts have been signed with the institutions of donor countries.

In May 2015 a study trip to Norway was carried out. The study trip included learning from the practical elaboration of Norwegian climate change adaptation measures, vulnerability assessment and project visits. At the beginning of September Norwegian Directorate for Civil Protection organized multilateral networking and study tour to Portugal. Also in May The EEA Grants/European Conference on *Mapping and Assessment of Ecosystems and their Services* was held in Trondheim, Norway. Presentations showed many different types of experiences, where mapping, assessment and valuation is undertaken at different scales and for different purposes.

The horizontal concerns are not directly addressed within the programme.

No need for major adjustments within the programme has occurred.

3.2.2 Children and Youth at Risk

The programme has two expected outcomes, with five outputs under the first outcome and two outputs under the second:

1st expected outcome – “Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented” and its outputs:

- A regional-level coordination mechanism created to provide support and services for children and families
- Regional support units for children and families established
- Community-based crime prevention measures enforced in a larger number of municipalities
- More inclusive integration strategies leading to reduced drop-out rates of forms 7–9 in schools
- Increased capability of youth organisations and youth work organisations to involve children and youth at risk

2nd expected outcome – “Policies and standards of intervention in the field of juvenile justice developed and implemented with a view to ensuring protection and securing full rights during detention and a wide range of opportunities for young offenders to reintegrate society created” and its outputs:

- Social inclusion of excluded young people and prevention of re-offending behaviour
- Aftercare for incarcerated youth provided

To achieve the expected outcomes, the programme comprised of one predefined project, four open calls, and two small grant schemes was approved in the programme agreement. By the end of the reporting period all the calls foreseen were carried out. During reporting period, 2 calls – Output 6 additional call and call under bilateral relations fund were closed. Additional call for Output 6 and call for proposals within the fund for bilateral relations was open in 2014 with a deadline in February 2015.

Based on preliminary assessment of the granted projects’ expected outcomes and the results already achieved under the predefined project, it can be assumed that all the target values of the programme’s expected outcome and output indicators will be fulfilled by completion of the supported projects.

The key achievements towards the objective during the reporting period are the following:

- In order to ensure the framework for co-operation between the national Programme partners, a Trilateral Agreement has been followed between the Ministry of Education and Research, the Ministry of Justice and the Ministry of Social Affairs.
- Predefined project activities have been implemented according to plan.
- Promoting tolerance, multicultural understanding and the rights of minorities is supported through the implementation of projects. Special attention is given to implementing activities which involve youths with special needs (including those with disabilities, study difficulties, etc) and whose mother tongue is not Estonian.
- The Programme and project promoter’s activities were implemented with visible media coverage.

Cooperation between the Programme Operator and the donor Programme partner has been productive. The cooperation was executed through developing partnerships through contact-seminars and participating in an international conference. During this period, several

communication events were conducted (including developing the website of the programme <https://www.entk.ee/riskilapsedjanoored/> and the use of social media). Special attention was paid to communication activities (incl. proactive communication) regarding open calls to reach all relevant parties.

The programme is directly addressed at horizontal concerns related to fundamental values such as promoting tolerance, multicultural understanding, and respect for the rights of minorities which are supported through the implementation of the projects. The support under the programme ensures strengthening the capacity of municipalities, with special attention to municipalities with a high percentage of national minorities.

Two modifications were made to the PA during the reporting period: the uncommitted funds under the programme were transferred to bilateral relations fund and FMO approved the request for extension of predefined project "Developing relevant judicial and organisational framework and support system for implementing measures for children and families" and EEA grants programme "Children and youth at risk".

No need for major adjustments within the programme has occurred.

3.2.3 Conservation and Revitalisation of Cultural and Natural Heritage

The programme has two expected outcomes and two outputs under each:

1st expected outcome – "Cultural heritage restored, renovated, and protected" and its outputs:

- Restored manor schools
- Counties with restored manor schools

2nd expected outcome – "Local communities further developed and economically sustainable livelihoods established through the revitalisation of cultural and natural heritage" and its outputs:

- Networking and awareness raising accomplished through the predefined project
- Additional activities in manor complexes and international cooperation established

To achieve the expected outcomes, the programme comprised of one predefined project, one call for proposals targeted at restoration projects, and one small grant scheme targeted at development projects was approved in the programme agreement. By the end of the reporting period 2014, all calls were carried out and projects had started their activities.

During the reporting period the main focus was on the implementation of the projects. All projects were concluded with the exception of one restoration project that was prolonged for three more months. The control of the reports and results has started and by far the results are satisfactory.

Taking into account the contribution of development projects, the planned target of the indicator of the output "number of restored buildings"– 25 schools is exceeded. The target achieved is 28 manor buildings restored. The baseline for the indicator was 20. The target of the indicator of the output of "minimum number of supported counties" is achieved and exceeded as 4 restoration project contracts with the owners of manor schools in 4 different counties were concluded. The abovementioned development projects add 3 more counties. The estimated indicator was 3 counties. The total 7 counties covers nearly half of Estonian 15 counties.

The implementation of the predefined project, especially the exhibition, conference and publication, has effectively supported the overall implementation of the programme and the achievement of its goals, including awareness raising and also helped to involve new strategic partners. The time schedule of predefined project was so intensive that it was decided to prolong the project implementation for three months.

The exhibition on manor schools in the Museum of Estonian Architecture was opened in the prime time from June to September and the duration of 3 months made it the longest temporary exhibition in the museum. The number of visitors – 5524 – exceeded the expectations. In 2015 the exhibition travelled to one municipality and will be taken to several others in 2016. It will also be exhibited in Norway and Hungary in 2016. In November 2015 an international conference took place that included site visits to the project promoters. The main event took place in freshly restored Vääna manor school thus representing also the outcome of the project. The common visual identity for manor schools was worked out and has been taken into use for conference and teaching materials as well as by the manor schools. The 448-pages publication comprises of theoretical articles on the history and phenomenon of manor schools and a thorough overview of existing manor schools. The book is well illustrated; it is in Estonian and English and can be used as a guide book about Estonian manor schools. The material will be made accessible also on the manor schools website. The preparatory work for new manor schools website is concluded, but due to intensive work load, the implementation, putting into use and promotion of the website was not completed by the end of 2015.

The programme has been actively promoted among potential beneficiaries and general public. The feedback has been very positive and supporting. The potential of the manor schools as unique educational and cultural centres has become known and popular, especially in the scope of ongoing administrative reform in Estonia. The opportunity of the programme is to support the goals of heritage protection, education, regional and sustainable development thus promoting the common European values.

Programme operator has been working in close cooperation with donor programme partner. As important bilateral achievements in 2015 a study tour to manors in Denmark may be highlighted as it not only strengthened the expertise in manor management but helped to create broader networks between municipalities, owners, education and heritage specialists in Estonia and Norway. The bilateral activities will be carried out also in 2016. The conference “The Challenges Facing Rural Schools” in November 2015 gave an opportunity to share mutual experience, but to involve also colleagues from Latvia as Latvia is the only country where the phenomenon of manor schools exists at similar extent as in Estonia.

The horizontal concerns are not directly addressed within the programme.

No need for major adjustments within the programme has occurred.

3.2.4 EEA and Norwegian-Estonian Scholarship Programme

The programme has two expected outcomes and up to three outputs under these:

1st expected outcome – “Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education, and adult education) between Estonia and EEA EFTA States” and its outputs:

- Inter-institutional cooperation projects in the upper secondary education sector between Estonia and EEA EFTA States
- Increased mobility for staff related to the inter-institutional cooperation projects at the upper secondary education level
- Preparing and working on innovative measures in the teaching process (as a result of the cooperation projects)

2nd expected outcome – “Increased higher education student and staff mobility between Estonia and Norway” and its outputs:

- Increased HE student mobility between Estonia and Norway through different types of mobility
- Increasing staff mobility between Estonia and Norway through different types of mobility

By the end of the year 2015 3 projects submitted their final reports and 7 projects are still ongoing.

In 2015, the programme saw a considerable rise in the interest towards the programme among the higher education institutions – 11 received applications in 2015 for mobility in higher education level, compared to 5 applications in 2014. For the first time in mobility in higher education, there was a competition for the available funds. All of the applications fulfilled the eligibility criteria and passed the evaluation process; 2 applications were fully approved and 9 applications partially approved. The number of people planned to be involved in the mobility is 190 in total: 87 students and 103 staff members.

Target levels of all output indicators, except for the number of mobile students as part of new or existing mobility agreements and number of HE students involved in work placements, have already been achieved and exceeded. It can be seen that the ratio of student and staff mobility is continuously leaning towards staff mobility, although there has been a very positive rise in the planned student mobility numbers (26 planned student mobilities in 2014 compared to 87 planned student mobilities in 2015). There is a very clear risk that the set aim for student mobility cannot be achieved.

In 2015 the funds for bilateral relations have been used entirely for measure Preparatory Visits. In 2015, no new applications were accepted for preparatory visits. 8 preparatory visits took place in the beginning of 2015 for which the applications were received at the end of 2014. All visits were intended for preparing for a mobility project under measure 2. It was positive that smaller Estonian higher education institutions who applied for a preparatory visit in 2014 (e. g. Estonian Academy of Security Sciences, Tallinn Health Care College) also submitted successful applications for Measure 2 – mobility in higher education in the call of 2015.

In the reporting period, 3 donor partnership projects (2013-2015) were finalised and their final reports were received. One of the ongoing projects (selected for funding in 2014) had to break the cooperation with a Norwegian partner due to unexpected problems in the partner school and decided to look for a new project partner. The project promoter managed to find a new and reliable partner from Norway. According to the interim report the project is progressing according to the plan.

One of the major risks concerning the strengthening of bilateral relations is related to the low level of interest among the Norwegian HEIs and other institutions to exchange students and staff with Estonian HEIs. The above-mentioned risk has led to some Estonian HEIs who received funding with the call of 2015 to report that they will not be able to implement their project as the project

partner(s) are no longer able to or interested in accepting their students and/or staff. It is regrettable that although there was a remarkable increase in the number of applications in the call of 2015, some of the applicants have to decline the support allocated for their project. As the aims and outcomes of the programme will only be achieved in cooperation with the partner institutions in the donor states, this continues to directly influence the progress and implementation of the programme.

None of the topics of the financed projects deals especially or directly to the horizontal concerns but may have broader connections to these issues. For instance, one cooperation project developed sustainable school policy which focuses among other issues on pupils' and teachers' understanding in democracy and human rights, welfare, health and cultural diversity.

In 2015 a request for amendments to the programme agreement related to reallocation of funds was presented to the FMO. The request was approved and the amendments issued in September 2015. The amendment will help to ensure the use of the remaining funds of the programme. There will be another proposal for amendment submitted in 2016 in relation to amend the agreement with the provision allowing allocating the remaining funds.

No need for major adjustments within the programme has occurred.

4 MANAGEMENT AND IMPLEMENTATION

4.1 Management and control systems

The management and control systems of the National Focal Point, the Certifying Authority, the Audit Authority and the entity responsible for the preparation and submission of irregularities reports remained in place in 2015.

At the programme level, setup of management and control systems started for all programmes in 2013 and were finalised in 2014. In 2015 the management and control systems at programme level remained the same.

4.2 Compliance with EU legislation, national legislation, and the MoU

Legal basis

The Memorandum of Understanding on the implementation of the EEA Financial Mechanism 2009–2014 between Estonia on one side, and Iceland, Liechtenstein, and Norway on the other, entered into force on 11 June 2011, and the legal framework of the financial mechanism based on the memorandum serves as the main legal basis for implementing the EEA Grants and is followed by the Estonian state.

Annexes A and B to the Memorandum of Understanding were updated in August 2015 due to increasing the allocation for the fund for bilateral relations at national level and decreasing the allocation for technical assistance. The changes are related to the funding Estonian-Norwegian e-Governance Initiative.

The Government of the Republic of Estonia Decree No. 78 “The rules and procedures for application for and implementation of the grants from the EEA and Norwegian Financial

Mechanisms 2009–2014” for establishment of the rules and procedures for application for and implementation of the grant from the EEA and Norwegian Financial Mechanisms 2009–2014 replacing the implementation agreements between the National Focal Point and the Programme Operators remained unchanged in 2014.

The Government of the Republic of Estonia Decree No. 278 “Reclamation and repayment of grants, and rules and procedures for reporting on irregularities in awarding and using the grants” of 22 December 2006, which stipulates the requirements for informing about irregularities or fraud and conditions for repayment of the financial support, was updated according to the needs for implementing the Grants. The updated Decree entered into force on 29 August 2014

When reviewing the programme documents (open call criteria, draft agreements, etc.), special attention has been paid by the National Focal Point in assuring compliance with the legislative framework inter alia the compliance with Community Policy (state aid, public procurement, programme area specific directives).

State aid

In order to make full use of available expertise, the National Focal Point and the Programme Operators have had several consultations on state aid with the Public Procurement and State Aid Department of the Ministry of Finance. In some calls the possibility of granting either state aid or de minimis aid was identified.

In all actual cases, relevant measures were taken, i.e. the project budgets were reviewed and related conditions were included in the project contracts.

Regarding all possible and actual cases of either de minimis aid or state aid, the Public Procurement and State Aid Department of the Ministry of Finance has been and will be consulted. Information on de minimis aid previously granted to Estonian applicants has been and will be checked from the relevant register under the Ministry of Finance and will be taken into account when awarding the grant.

Public Procurement

In order to improve the competence of public procurement procedures of the project promoters and avoid subsequent problems, Programme Operators or Implementing Agencies have advised or organised area-specific trainings on public procurement for the project promoters during 2015.

In addition to this, the expertise of the Managing Authority of the Structural Funds for ex-ante check and advice from the Public Procurement and State Aid Department of the Ministry of Finance are available.

Irregularities

PO’s send the information about the irregularities to the NFP via Estonia’s internal information system SFOS. All cases of the irregularities are then checked by the NFP. After that the NFP composes reports about the irregularities and sends them to the FMO via DoRIS.

There were 18 cases of new and ongoing irregularities in Estonia in the EEA and/or Norwegian Financial Mechanisms in 2015:

- 6 cases at programme level.
- 12 cases at project level.
- No irregularities at beneficiary state level were detected.

Detailed financial information about the irregularities is shown in the annexes 4 and 5. FMO has closed 15 cases of the reported irregularities. Most of the cases were discovered by the Programme Operators, except one case was discovered by NFP.

In 2016 the NFP will continue with the same approach in internal and external reporting of the irregularities.

4.3 Audit, monitoring, review, and evaluation

National Focal Point

In the IV quarter of 2014 the NFP initiated control procedures to review management costs in the programme “EE04 “Children and Youth at Risk”. The main emphasis was put on the use of flat rate in the overheads at programme level. The control procedures were finalised in the II quarter of 2015. NFP discovered that some of the grant had not been used in accordance with the rules and as a result 2,447.84 € grant was reimbursed.

Estonian Youth Work Centre aka POIA signed various contracts with one employee for the same time period, financed the contracts from EEA Mechanism and from ESIF (European Structural and Investment Funds). But some of the necessary requirements were not fulfilled; detailed description is available in the irregularity report IR-0210.

In 2015 the NFP carried out a risks assessment based on fraud indicators (red-flags) in the projects data and payments details that Programme Operators had inserted into Estonia’s internal information system SFOS. Programme Operators were informed of all of the risks identified. After analysis by the PO’s and NFP some of the risks emerged into irregularities, but major fraud cases were not discovered. The NFP assisted the Programme Operators to ensure that reviews based on the risks discovered were effective and that the risks were mitigated with monitoring activities. The NFP will conduct additional risk assessment in the III quarter of 2016 if additional risk indicators emerge. If any additional risks emerge from the assessments, NFP will carry out necessary actions and reviews.

In the beginning of 2016 NFP conducted fraud risk assessments with all of the Programme Operators. Detailed summary of the highest possible fraud risks identified is included in annex 7. When analyzing the results of the fraud risk assessments it is important to remember that not all the risks pointed out are applicable to all the programmes. Fraud risks are largely related to beneficiaries and costs, but various programmes have different beneficiaries and project costs may vary largely between programmes.

The one recurring problem that emerged during the fraud risk assessments was whether or not working time-tables reflect the real situation. For the POs it is almost impossible to evaluate the content of them. During the risk assessments POs suggested that the emphasis of control should be put more on the results and less on technical aspects. One way to do that would be to describe in detail all the duties of employees and the results of these duties in the projects proposals and evaluate the results of the workers during/after implementation of the project.

An isolated incident took place in the programme EE10 concerning one of the projects. During the evaluation processes the project did not get good scores and was assessed with rather low quality, but was still accepted on the request of programme partner. This resulted in Archimedes

Foundation (PO) having the most problems in the programme with the implementation of that concrete project.

One interesting proposal came from the PO who has many Estonian Universities as beneficiaries (programme EE06). Their costs are reviewed as same as other beneficiaries in the programme, but they are public bodies and have inner control systems already in place. It might be reasonable to monitor or audit their inner bodies and not single costs of the projects as it has been on the current period.

Overall the fraud risks in Norway and EEA grant projects were assessed rather low. Main explanation was that many of the fraud risks were mitigated in the project selection processes that involved many experts and evaluators from specific areas. Therefore inflated prices and unreasonable costs were excluded from the project budgets already in the project selection stage. Nevertheless there were situations where it was complicated for the POs to find suitable and neutral experts for the evaluations due to the fact that Estonia is rather small and in some cases the potential evaluators were involved in the projects that they would have been evaluating. Fortunately POs were able to detect these conflicts of interests before they occurred.

Audit Authority

Audit Authority (AA) has presented to the NMFA audit strategies for each programme operator. According to these strategies a management and control systems audit of each programme will be conducted, which is complemented with audits on projects. To be more specific, AA has to carry out the following management and control system audits and audits of projects of the programmes:

Table 1

	Management and control system audits	Audits on projects
EE04 - Children and youth at risk	1	3
EE05 - Conservation and Revitalisation of Cultural and Natural Heritage	1	3
EE06 - Research cooperation	1	2
EE07 - Green Industry Innovation	1	4
EE08 - Public Health Initiatives	1	2
EE09 - Mainstreaming Gender Equality and Promoting Work-Life Balance	1	3
EE11 - Domestic and Gender-based Violence	1	3
EE02 - Integrated marine and inland water management	1	2
EE10 - Scholarship	1	2

So far (as of 10.02.2016) AA has covered five programmes with **management and control systems audits**. It has also conducted 13 audits on projects. In 2015 the AA has carried out the following audits³⁴:

Table 2

³⁴ 1 management and control systems audit and 5 audits of projects are being finalized at the moment.

	Management and control system audits	Audits on projects
EE05 - Conservation and Revitalisation of Cultural and Natural Heritage	1	3
EE08 - Public Health Initiatives	1	2
EE09 - Mainstreaming Gender Equality and Promoting Work-Life Balance	1	3
EE11 - Domestic and Gender-based Violence	1	3
EE02 - Integrated marine and inland water management	1	2

The results of audits have been the following:

I Management and control system audits:

- EE05 – Conservation and Revitalisation of Cultural and Natural Heritage. Audit report No II-167/2015 (18.06.2015). Audit opinion: the management and control systems of the Estonian Ministry of Culture as the Programme Operator works well, but some improvements are needed (Category II³⁵);
- EE02 – Integrated marine and inland water management. Audit report No II-171/2015 (16.10.2015). Audit opinion: the management and control systems of the Estonian Ministry of Culture as the Programme Operator works well, but some improvements are needed (Category II);
- EE08 – Public Health Initiatives, EE09 - Mainstreaming Gender Equality and Promoting Work-Life Balance and EE11 - Domestic and Gender-based Violence. Joint audit report No II-175/2015³⁶. Audit opinion: the management and control systems of the Estonian Ministry of Culture as the Programme Operator works well, but some improvements are needed (Category II).

II Audits on projects:

- EE05 - Conservation and Revitalisation of Cultural and Natural Heritage.
 - Audit report No II-168/2015 (14.07.2015). No major findings;
 - Audit report No II-169/2015 (19.06.2015). No findings;
 - Audit report No II-170/2015 (21.05.2015). No findings.
- EE02 - Integrated marine and inland water management.
 - Audit report No II-173/2015 (09.10.2015). No findings;
 - Audit report No II-174/2015 (18.09.2015). No findings.
- EE08 - Public Health Initiatives.
 - Audit report No II-176/2015 (05.01.2016). No findings;
 - Audit report No II-177/2015 (10.12.2015). 1 finding (1611,37), error rate 0,05%.
- EE09 - Mainstreaming Gender Equality and Promoting Work-Life Balance³⁷.
 - Audit report No II-181/2015;
 - Audit report No II-178/2015;
 - Audit report No II-179/2015 (05.01.2016). No findings.

³⁵ Category I – Works well; only minor improvements needed.

Category II – Works, but some improvements are needed.

Category III – Works partially; substantial improvements are needed.

Category IV – Essentially does not work.

³⁶ Audit report is being finalized.

³⁷ 2 audit reports are being finalized.

- EE11 - Domestic and Gender-based Violence³⁸.
 - Audit report No II-182/2015;
 - Audit report No II-180/2015;
 - Audit report No II-183/2016.

Audit plan for the 2016 is shown in the annex 6.

4.4 Information and publicity

In general, the communication strategy for the EEA and Norway Grants 2009–2015 in Estonia has been in implementation as planned and does not need revision.

During 2014 most of the publicity was done by the Programme Operators in connection with launching the calls, organising seminars and conferences, etc. The general Grants website has been updated continuously by the NFP and news on opening calls or invitations to different seminars under the programmes have been distributed via the Facebook page for the Grants as well. Information which has distributed via social media (Facebook) and home page has been written in language which is understandable wide number of people.

With regard to communication of the programmes performed by the Programme Operators, it can be said that the information and publicity measures that have been taken are effective. The interest in events organised under the programmes as well as active participation in the calls are the best proof of that. As of a year ago special commendation can be given to the programmes of the social field (the Children and Youth at Risk programme, the Public Health Initiatives programme, and the gender programmes) for co-operating in organising events. Special commendation deserves also manor schools program, who has spread information about their programme via different media channels very actively.

Many events and projects have been organized which are funded by EEA and Norway grants, but following projects examples highlights some of them. Firstly, end of august 2015 opened children's mental health centre in Tallinn. This project was funded by public health programme. The aim was ensure tender of high quality services of psychiatric treatment and trainings for specialists to improve their competence. For Estonian health care sector, this project was very important and has given very positive impact.

Secondly, many useful seminars have been organized in water management program. For example seminar about future of climate which gives influence for Estonia ("Estonia in 2100 – is it tropic or cold Nordic country?") There were many other special seminars in this field about ecological system of sea and lakes. In addition, these kind of seminars gave its participants a bigger and clearer picture about general processes happening in the field in which they all are active.

The communication work of the Programme Operators and the National Focal Point can be assessed through the results of the public opinion survey ordered by the Ministry of Finance that for the first time included the EEA and Norway Grants, in addition to the EU Structural Funds in 2013. It then appeared that 27% of the Estonian population aged 18 to 74 knew that Estonia was receiving support from the EEA and Norway Grants. As a result of the survey carried out by Faktum & Ariko in August 2014, it appeared that the awareness of EEA and Norway Grants within the same age group had risen to 35%, which makes the annual growth eight percentage points. As

³⁸ Audit reports are being finalized.

a result of the survey carried out by Saar Poll OÜ in August-September 2015, it appeared that 16% of the Estonian population aged 18 to 74 knew that Estonia was receiving support from the EEA and Norway Grants. It shows big difference in awareness of EEA and Norway Grants in Estonia which can be based in two different social poll firms methodology and also in 2015 many PO's has finished with their projects. Within those aware of the EEA and Norway Grants the level of education showed the biggest difference: the higher the education of respondents, the higher the awareness of the Grants. Also the visibility of the Grants' logos fell during the year between the two surveys from 21% to 16%.

The results of the survey were shared on the Grants website as well as on the Facebook page of the Grants in Estonia. The trends for visibility of the Grants is planned to be monitored annually throughout the entire implementation period.

4.5 Work plan

As all the planned open calls under the EEA Grants programmes were launched by the end of 2014 and most of the actions for disseminating the results of the programmes are planned for 2016.

The table showing the main relevant dates for partner events and information events of the programmes is as follows:

	Programme	Partner/information event
EE02	Integrated Marine and Inland Water Management	1-2 June – cooperation committee meeting in Estonia October/November – programme closing event
EE04	Children and Youth at Risk	10 March – Children and Youth at Risk final seminar in Tallinn
EE05	Conservation and Revitalisation of Cultural and Natural Heritage	6-8 April – seminar, working meeting and networking event on protection on community level for owners of rural buildings in Norway; 13-19 May – workshop on conservation of historic wallpapers from manor schools in Estonia; 30 May-2 June – final seminar and study tour for the project managers in Norway; 20 June – awareness raising event and presentation of programme results. Seminar and opening of manor school exhibition in Norway; 16-19 September – seminar, working meeting and networking event on protection of heritage on community level for owners of rural buildings in Estonia
EE10	EEA Scholarship Programme	May – cooperation committee meeting

The Monitoring Committee convenes before the annual meeting in order to review the progress of implementation, to give an opinion on the strategic report.

The Cooperation Committees of the programmes are planned to be convened throughout the year in order to discuss work plans of the bilateral funds at the programme level, etc. The dates of the meetings are agreed on a rolling basis.

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

There are no outstanding issues to be added to those that have already been mentioned under the previous chapters.

As the eligibility period will be closing, the main effort will be put on ensuring timely and efficient implementation of programmes and projects and if necessary making the relevant adjustments.

6 ATTACHMENTS TO THE STRATEGIC REPORT

1. For each Programme, a table showing the breakdown in respect of applications received and projects selected / contracted, as well as the types of intervention supported.
2. For each Programme, a table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects).
3. A summary table on Donor partnership projects on the Beneficiary State level.
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made.
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made.
6. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period.
7. A risk assessment at the national and programme levels.