

Estonian Rural Development Plan 2007–2013

Ministry of Agriculture
2008

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1. INTRODUCTION

The Estonian Rural Development Plan 2007–2013 (hereinafter the ERDP) covers the period from 1 January 2007 to the end of 2013. The ERDP was prepared to support the regionally balanced development of rural areas through the European Union (hereinafter the EU) Common Agricultural Policy (hereinafter the CAP) measures. Within the framework of the EU new programming period (2007–2013), which will start on 1 January 2007, Estonia will be able to use approximately 925,2 million EUR (14,47 billion EEK) of public sector support funds for supporting agriculture and rural development.

In the period of 2007–2013, the CAP and the measures for fisheries market organisation are financed from the European Agricultural Guarantee Fund (the EAGF), and the agriculture and rural development measures are financed from the European Agricultural Fund for Rural Development (the EAFRD) and co-financed from the state budget of Estonia. Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1–40) lays down a common legal framework for rural development support applicable throughout the EU. Title IV of this Regulation specifies rural development measures, their objectives and the eligibility criteria.

The EU Structural Funds have been available to the Republic of Estonia for six years now, since the Special Accession Programme for Agriculture and Rural Development for Central and East European countries (the SAPARD programme) in 2001 under the SAPARD financing agreement between the European Commission and the Republic of Estonia. During the programming period nearing the end (2004–2006), Estonia had an opportunity to use the EAGGF financial resources for agriculture and rural development. For this, two strategic programming documents were prepared and implemented: the Estonian Rural Development Plan 2004–2006 (the ERDP 2004–2006) and the Estonian National Development Plan 2004–2006 (the ENDP 2004–2006). The measures provided in the ERDP 2004–2006 were financed from the EAGGF Guarantee Section, priority 3 (“Agriculture, Fisheries and Rural Development”) measures provided in the ENDP 2004–2006 were financed from the EAGGF Guidance Section, the Financial Instrument for Fisheries Guidance (the FIG) and the European Regional Development Fund (the ERDF) (technical assistance for the development plan).

The preparation and development of the ERDP is co-ordinated by the Ministry of Agriculture, involving representatives of the third sector and specialists of the relevant fields. By the Order No 240 of the minister of agriculture, 1 September 2005, a Steering Committee was established for preparing the ERDP 2007–2013. Among other tasks, the Steering Committee is charged with making proposals for the documents related to the rural development strategy and the rural development plan to be submitted to the Government of the Republic of Estonia, and with expressing opinions. The Agriculture and Rural Development Council (the ARDC), giving advice to the minister, has a significant role in preparing the development plan. The implementation of the measures provided in the ERDP is conducted in co-operation between the Ministry of Agriculture and the institutions within its area of government. Some measures are implemented in co-operation with the institutions in the area of government of the Ministry of the Environment. The preparation of the ERDP such as the preparation of operational programmes for the implementation of EU structural funds has been carried out in conformity with the Estonian National Strategic Reference Framework (NSRF).

Under the ERDP, Estonia plans to implement the following rural development measures financed by the EAFRD:

Under priority axis 1 (Improving the competitiveness of the agricultural and forestry sector) – training and information activities; setting up of young agricultural producers; support for advisory system and services; modernisation of agricultural holdings (incl. the following submeasures: investments into the development of micro agricultural holdings; investments in livestock buildings; investments into the production of bioenergy); improving the economic value of forests and adding value to forestry products; adding value to agricultural and non-wood forestry products; development of new products, processes and technologies in the sectors of agriculture, food and forestry (incl. submeasure: co-operation in the development of new products, processes and technologies in the sectors of agriculture, food and forestry); infrastructure of agriculture and forest management; setting up and development of producer groups.

Under priority axis 2 (Improving the environment and the countryside) – support for less-favoured areas; Natura 2000 support for agricultural land; agri-environmental support (incl. the following submeasures: environmentally friendly management; support for organic production; support for keeping animals of local endangered breeds; support for growing plants of local varieties; support for the maintenance of semi-natural habitats); animal welfare: support for grazing animals; non-productive

investments (incl. the following submeasures: support for the establishment and restoration of stonewalls; support for the establishment of mixed species hedgerows); support for the establishment of protection forest on agricultural land; Natura 2000 support for private forest land.

Under priority axis 3 (The quality of life in rural areas and diversification of the rural economy) – diversification of the rural economy (incl. the following submeasures: diversification into non-agricultural activities; support for business development); village renewal and development (incl. the following submeasures: basic services for the economy and rural population, village renewal and development, conservation and upgrading of the rural heritage).

Under priority axis 4 (the horizontal, Leader-priority axis), it is planned to implement one Leader-measure. Additionally, the technical assistance measure has to be implemented as a supporting measure for the successful start of the programme.

Support payments made under the ERDP measures are processed according to the CAP implementing regulation and the relevant implementing provisions.

The present document describes the current situation of the Estonian rural life, and the rural development strategy and the selected measures proceeding from it.

2. MEMBER STATE AND ADMINISTRATIVE REGION

The Republic of Estonia is located between the 57th and 60th latitudes and the 22nd and 28th longitudes. Estonia shares a common sea and land border with the Republic of Latvia and the Russian Federation (the latter is also the border of the EU) and a sea border with the Republic of Finland and the Kingdom of Sweden. Estonia stretches 240 km from north to south and 350 km from east to west.

The total area of Estonia is 45 227 km², including 43 200 km² of land area. More than a half of the land area is forest land, one third is agricultural land, and one fifth is covered by mires and bogs. Estonia is one of the smallest countries in Europe, both by area and by population. Of the EU-27 countries, only Cyprus, Malta and Luxembourg have smaller size of population. Belgium, Luxembourg, the Netherlands, Denmark, Cyprus, Malta and Slovenia have smaller territory than Estonia. Therefore Estonia has one of the EU's smallest densities of population (31,2 p/km²), with only Finland and Sweden having smaller figures.

The ERDP covers the rural area of the entire Republic of Estonia and is a horizontal plan in that respect. According to the Territory of Estonia Administrative Division Act, the territory of Estonia is divided into counties, rural municipalities and cities. A rural municipality, which is a unit of local government, is divided into settlements, which are villages, small towns, towns and cities without municipal status. According to governmental decree on types, names and division of administrative units, normally, administrative unit with less than 300 inhabitants is considered to be a village, with more than 300 inhabitants a small town and with more than 1000 inhabitants a town or city without municipal status. The territory of rural municipalities is regarded as rural area. There are 15 counties and 227 local governments (33 cities and 194 rural municipalities) in Estonia.

Table 1. Division of local governments by size of population, as of 1.1.2007

Size of population	Cities	Rural municipalities	Total
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0–1 000		34	34
1001–1500	2	44	46
1501–2000	3	35	38
2001–3000	0	33	33
3001–4000	5	11	16
4001–5000	3	12	15
5001–7500	5	16	21
7501–10 000	2	6	8
10 001–50 000	10	3	13
50 001–100 000	2		2
100 001–	1		1
Total	33	194	227

Source: Ministry of the Interior.

The entire territory of Estonia is regarded as a convergence region, which means that in all administrative units of the NUTS¹ second level, the GNP is below 75% of the EU average. In 2005, the Estonian GDP was 59,8% of the EU-25 average. On the estimates of the Ministry of Finance, 74,2% of the respective level will be reached by 2008.

3. SITUATION ANALYSIS, STRATEGY AND EX-ANTE EVALUATION

3.1 SITUATION ANALYSIS OF STRENGTHS AND WEAKNESSES

3.1.1 GENERAL SOCIO-ECONOMIC SITUATION

Definition of rural area

The OECD definition distinguishes between two hierarchy levels – local and regional. At local level (LAU1/2), the OECD defines rural communities as communities with population density of less than 150 inhabitants/km² (*Working Party...2004*).

Regarding counties, whole Estonia can be regarded as rural area, as even in Harju county with Tallinn, population density is 120,5 inhabitants/km². There is one rural municipality in Estonia with 6 towns and 5 cities with population density of more than 150 inhabitants/km², the total number of inhabitants is 22 275 there (5% of rural inhabitants, 1,6% of Estonian population).

According to the above methods, there are 11 predominantly rural (*PR*) counties in Estonia, where more than 50% of inhabitants live in rural municipalities (Hiiumaa, Jõgeva, Järva, Lääne, Lääne-Viru, Põlva, Rapla, Saare, Valga, Viljandi and Võru). There are 260 321 inhabitants in the rural municipalities of those counties, which makes up 57,4% of rural inhabitants and 19,2% of Estonian population.

Harju (16,5% residents of rural municipality), Pärnu (43,3%) and Tartu (27,3%) – in total 166 048 inhabitants (36,6% of rural inhabitants, 12,2% of total Estonian

¹ Nomenclature of Territorial Units for Statistics.

population) fall into the category of intermediate region (*IR*) (15–50% live in rural area).

Only Ida-Viru county with rural municipality population of 12%, in total 21 144 inhabitants (4,7% of rural population, 1,6% of Estonian population), can be regarded as a predominantly urban (*PU*) area. In Ida-Viru or in Northeastern Estonia (according to the NUTS) live only 13% of Estonian population and the population of the 7 cities of the county (155 000 inhabitants) makes up 17,2% of the population of Estonian cities. Therefore, the indicators of Northeastern Estonia do not reflect the real situation of Estonian cities.

As the population density of most cities and towns under rural municipalities is less than 150 inhabitants/km², the OECD methods do not reflect properly the definition of Estonian rural area. Therefore, for Estonia it is rational to use in the future the methods already introduced and used by Statistics Estonia, according to which residents of rural municipalities can be regarded as rural population. According to the data provided by Statistics Estonia, as of 1 January 2006, there were 447 663 residents in rural municipalities (33,3% of Estonian population). The average population density of rural municipalities was 10,6 inhabitants/km². In addition, in case of Leader, small cities with a certain size of population (up to 4000) have been considered to be rural area.

Table 2. Cities with a population of less than 4000 inhabitants (as of 01.01.2007)

Kunda	3751
Kärdla	3724
Loksa	3469
Tõrva	3112
Narva-Jõesuu	2734
Püssi	1837
Mustvee	1648
Võhma	1544
Kallaste	1152
Mõisaküla	1073

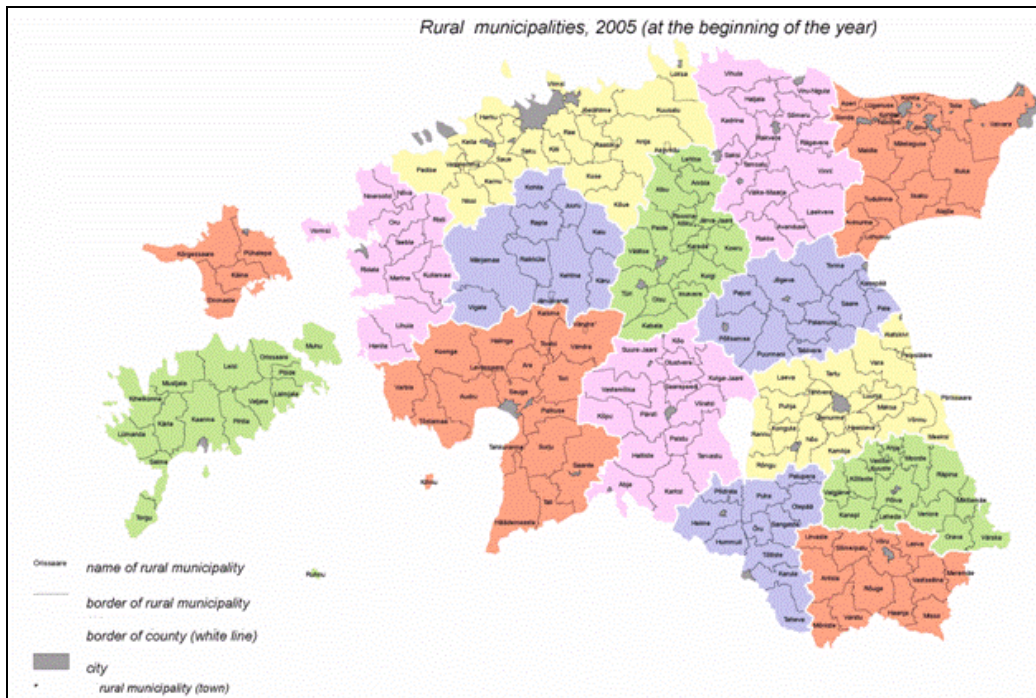
Source: Statistics Estonia

Table 3. Cities without municipal status with a population of less than 4000 inhabitants (as of 02.04.2007)

Kehra	3070
Räpina	2744
Tamsalu	2561
Otepää	2231
Kilingi-Nõmme	2125
Karksi-Nuia	1995
Antsla	1583
Lihula	1544
Abja-Paluoja	1379
Suure-Jaani	1203

Source: Population register

Map 1. Estonian rural municipalities, as of the beginning of 2005



Demographic situation

The population of Estonia has decreased fast since the restoration of independence. This was mainly caused by emigration during the first years of the restored independence and by negative birth rate afterwards.

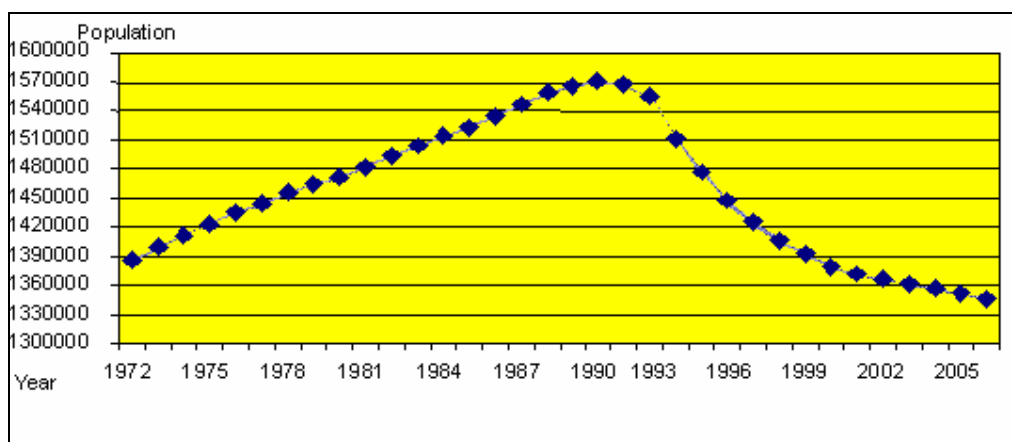
Decrease in the size of Estonian population has been slowing down in recent years. As of 1 January 2001, there were 1 367 000 inhabitants in Estonia. At the beginning of 2006, the respective figure was 1 344 700 (average annual decrease 0,33%). According to estimates, as of 1 January, there were 1 342 000 inhabitants in Estonia. The share of women in Estonian population is 53,9%, in rural municipalities 51,7%.

Table 4. Population, as of 1 January (thousands) (www.stat.ee)

	2001	2002	2003	2004	2005	2006
Total Estonia	1367,0	1361,2	1356,0	1351,1	1347,0	1344,7
Rural municipalities	445,7	443,2	453,2	451,1	449,7	447,7
of this, villages	284,3	282,2	281,3	278,3	280,2	272,2
towns and small towns	154,2	152,4	151,5	150,5	145,3	139,9
cities without municipal status	7,2	8,6	20,4	22,3	24,2	35,6
Share of rural population	32,6	32,6	33,4	33,4	33,4	33,3

In 2003, 56,3% of EU-25 and 51,4% of EU-15 population lived in predominantly rural (PR) and intermediate region (IR) (the OECD definition).

Figure 1. Estonian population dynamics in 1972–2005



Source: Statistics Estonia.

The share of rural population has become more stable in the last years – in 2001 and 2002 32,6% and in 2003–2006 33,3–33,4% of total population. According to the data provided by Statistics Estonia, in 1989, there were 446 800 inhabitants in rural area, in 1999 – 437 566, and at the beginning of 2006 – 447 663. Positive population dynamics directly results from the movement of Tallinn and Tartu inhabitants to suburban areas, retaining close contacts (job, school, service) with the city.

In 2001, rural municipality population decreased by 0,56%, increased by 2,3% in 2002 and decreased in 2003 and 2004 by 0,46% and 0,31% respectively. Compared to the beginning of 2000, the population of rural municipalities has remained almost constant.

Table 5. Population by gender, age groups and settlement units, as of 1 January

Year	Unit	Men and women	Total for all age groups	0–14	15–44	45–64	65+	Men and women, %
2000	Total Estonia	Total	1 372 071	250 503	578 778	337 160	205 630	100
		Men	632 709	128 511	286 454	150 561	67 183	46,1
		Women	739 362	121 992	292 324	186 599	138 447	53,9
	Rural municipalities	Total	447 646	93 338	175 484	107 990	70 834	100
		Men	216 679	48 012	92 440	52 492	23 735	48,4
		Women	230 967	45 326	83 044	55 498	47 099	51,6
2006	Total Estonia	Total	1 344 684	202 429	580 007	280 749	281 499	100
		Men	619 299	103 988	289 727	150 831	74 753	46,1
		Women	725 385	98 441	231 720	129 918	206 746	53,9
	Rural municipalities	Total	447 663	74 162	187 327	110 067	76 107	100
		Men	216 105	38 149	97 600	53 891	26 465	48,3
		Women	231 558	36 013	89 727	56 176	49 642	51,7

Source: Statistics Estonia (www.stat.ee).

The change in the age composition of the population is characterised by a decrease in the share of young people and by an increase in the share of older people. At the beginning of 2006, the share of people aged up to 15 years was 15,1% of the total population (in 2000, 18,3%) and the share of people aged 65 and older was 20,9% (in 2000, 15%). In rural municipalities, the respective figures for 2006 were 16,6% and

17,0%. The share of men aged up to 15 year was 16,8%, the share of men aged 65 and older was 12,1%. In rural municipalities, the respective figures were 17,7% and 12,2% and in cities 16,3% and 12,0%. The share of women aged up to 15 years was 13,6%, the share of women aged 65 and older was 28,5%. In rural municipalities, the respective figures were 15,6% and 21,4% and in cities 12,6% and 31,8%.

Throughout Estonia, the share of people of working age increased since 2003 by 0,7% and reached 68,2% by the beginning of 2006. Decreased mortality (longer expected age) has contributed to this.

At the beginning of 2005, in Latvia, the share of people aged 65 and older was similar to Estonia (16,5%), in Lithuania it was 15,1%. Of the old Member States, the share of people aged 65 and older was the highest in Italy – 19,5%, and the lowest in Ireland – 11,2%.

In order to calculate the demographic labour market pressure index, the population aged 5–14 is divided by the population aged 55–64.

Table 6. Dynamics of the demographic labour market pressure index (www.stat.ee)

	1989	2000	2001	2002	2003	2004	2005	2006
Total Estonia	1,27	1,19	1,18	1,14	1,09	1,03	0,96	0,91
Rural municipalities	1,38	1,34	1,33	1,30	1,25	1,18	1,11	1,05
Cities	1,23	1,12	1,10	1,06	1,00	0,95	0,89	0,84

The demographic labour market pressure index indicates that Estonian population is getting older rather quickly. The demographic labour market pressure index has decreased from 1,27 in 1989 to 0,91 in 2006 (-28,3%). The relevant figure of the rural area has decreased from 1,38 to 1,05 (-23,9%). The situation has particularly worsened in cities, where the demographic labour market index has reached as low as 0,84, dropping 31,7%. Shortage of qualified labour is turning to one of the biggest obstacles to the development of the sector of agriculture in Estonia. Therefore, it is important to contribute to the creation of new jobs in rural area.

Economic forces

In Estonia, the average economic growth of the last 10 years has been 6,9%. In the EU, only Ireland has been able for more – 7,8%. As at the same time the average economic growth of EU-25 has been approximately 2,3%, in Estonia the GDP per capita has increased from approximately one third to two thirds (in 2006) (64,9%) of the EU average level, taking into account the purchasing power parity. If this trend will continue, we can reach about 75–77% of the EU average by 2010.

More than a half (70% in 2004) of the economic growth of Estonia took place in Northern Estonia, followed by Southern Estonia (12,6%). The relative importance of other regions was between 4,4–7,8%. In the recent years, regional differences in the GDP have been increasing constantly.

Within 1998–2004, the share of Northern Estonia has increased by 3,2% and the importance of other regions has decreased.

In 2000–2004, the GDP per capita increased by 55,9% on an average, but growth between regions varies – Northern Estonia 62,1%, Southern Estonia 58,6%, Central Estonia 50%, Northeastern Estonia 42,7% and Western Estonia 41,4%. In Northern Estonia, the GDP per capita was 1,6 times higher than the average of Estonia, in Northeastern Estonia it was 59,8% of an average and in other regions 68,6–69% of an average.

In 2005, the GDP at current prices was 173,1 billion EEK, and at the constant prices of 2000, the GDP was 142,0 billion EEK or 10,5% higher than in 2004.

The growth of the Estonian GDP was significantly faster than expected and this has been caused by a large increase in both domestic demand and export. Increase in domestic demand was mainly caused by the increase in the growth rate of individual consumption expenditure and investments, although the growth of the government final consumption expenditure also proved to be higher than expected. The significantly faster growth of export than expected was the result of a bit higher increase in external demand than expected and of the longer than expected impact of the accession of Estonia to the EU.

Table 7. The GDP in 2004–2006 and the estimate for 2007–2010 (%)

	2004	2005	2006	2007	2008	2009	2010
			*	*	*	*	*
Real growth of the GDP	8,1	10,5	11,4	9,2	8,3	7,7	7,5
The GDP at constant prices (billion EEK)	128,5	142,0	158,1	172,7	186,9	201,4	216,6
Nominal growth of the GDP	10,4	18,0	18,2	14,6	13,9	12,6	11,5
The GDP at current prices (billion EEK)	146,7	173,1	204,6	234,5	267,1	300,8	335,2
The GNP at current prices (billion EEK)	139,3	164,3	195,7	224,8	256,1	288,8	322,4
Increase in value added							
Primary sector	-7,2	2,3	0,2	1,8	2,3	2,2	2,3
Industry	10,5	11,7	11,9	10,5	10,2	9,5	9,2
Construction	7,1	19,8	13,3	13,4	10,6	9,6	9,3
Other services	7,2	10,6	10,9	8,8	7,6	7,2	7,0

Source: Ministry of Finance, Statistics Estonia.

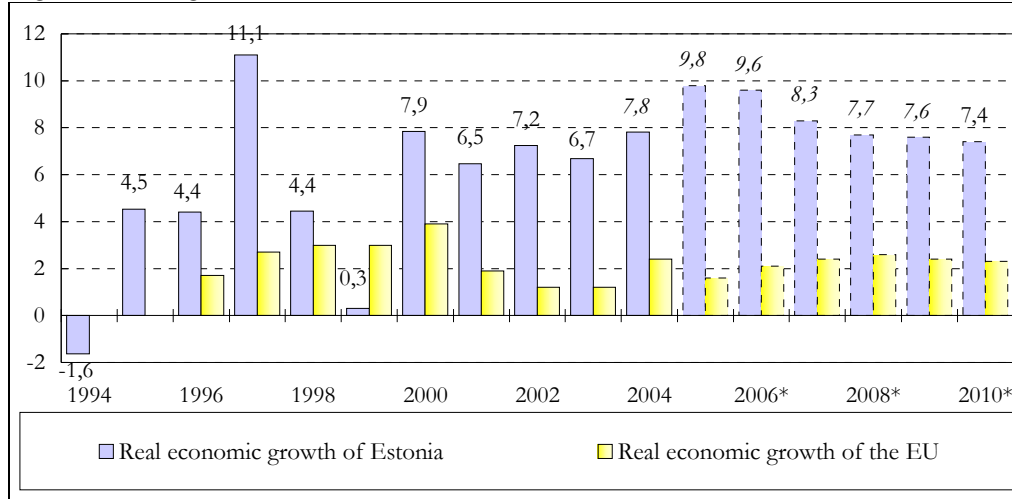
In 2006, Estonian economic growth reached 11,4%. This was based on increased domestic demand and increase in export. Compared to 2005, the annual growth rate of domestic demand accelerated to 15,1%, as a result of which its contribution to economic growth considerably increased. Acceleration of domestic demand was mostly caused by the intensification of individual consumption and increase in investment. The accelerated growth of government final consumption expenditure also supported the increase in domestic demand. The share of domestic demand in GDP at current prices increased to 107,3%.

In 2006, the growth rate of export slowed down and its contribution to economic growth decreased to 9,1%. The share of export of goods and services in GDP diminished to 7,9%. Growth of import also slowed down but was quicker than export, as a result of which the impact of net export on economic growth proved to be negative again.

According to the estimates of the Ministry of Finance, Estonian economic growth will be 9,2% in 2007. This is based on increased domestic demand and export. In addition to the rapid growth of consumption and investments, the growth of domestic demand is also influenced by the growth of government final consumption expenditure. Compared to 2006, the contribution of domestic demand to economic growth will considerably decrease due to the slow-down of individual consumption expenditure and the growth of investments. As compared with the year 2006, increase in the export and import of goods and services will slow down in 2007, but due to strong domestic demand, the growth of import is more significant than that of export.

In 2009–2010, the slow-down of export and import can be expected, but the growth of export will be quicker than that of import and the contribution of net export to economic growth will increase. The increase in domestic demand will be slower than the average economic growth and its impact on economic growth should decrease.

Figure 2. Real growth of the GDP in 1994–2005 and an estimate for 2006–2010, (%)



Source: Statistics Estonia, Ministry of Finance.

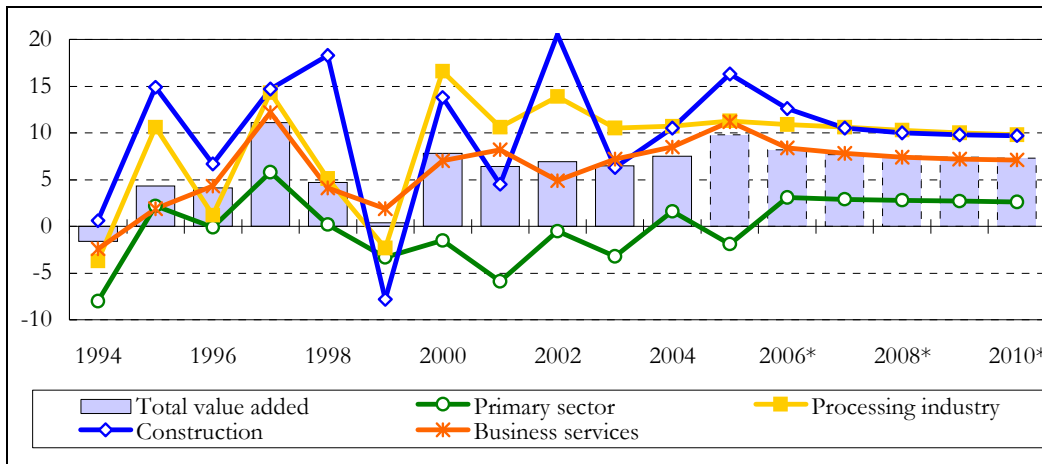
For the years 2007–2008, acceleration of inflation to 4,9% and 5,2% respectively is expected. After that, the slow-down of price increase to 4,4% can be expected in 2009. The acceleration of increase in income caused by significant economic growth and considerable decrease in unemployment on the one hand and administrative price increases related to housing on the other hand will bring about rapid inflation in 2007. After the reducing impact of demand-related factors in 2008, inflation will still be accelerating due to the different excise tax increases of the beginning of the year. From 2009, when the developments of individual consumption and wages should not cause any additional pressure on prices, inflation will also slow down.

According to the regional statistics by the EUROSTAT, in 2003, the share of the value added of the EU-25 rural area made up 44,8% and of the EU-15 rural area 43,5% of the total value added.

The respective figure for Estonia is 92,4%. Hereby, only Ida-Viru or Northeastern Estonia by the NUTS 3 is considered to be a predominantly urban area, of which the population makes up 13% of the total population of Estonia and 17,2% of urban population.

An estimated share of the actual value added of Estonia rural area can be estimated at 18–19%.

Figure 3. Real increase in value added, (%)

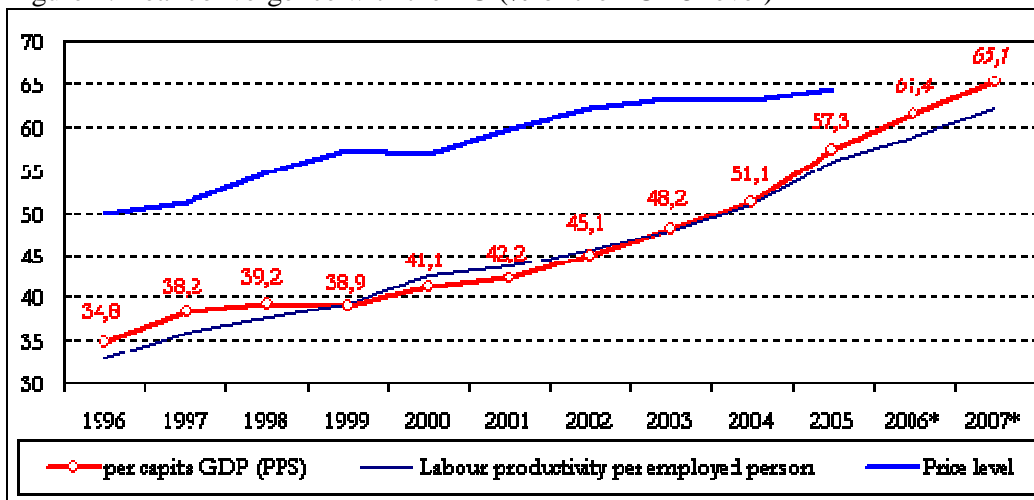


Source: Statistics Estonia, Ministry of Finance.

Productivity, average salary

In 1996, labour productivity per employed person was three times lower than the EU-25 level. In 2000, the productivity increased to 42% and was 57% in 2005. For 2007, the level of 65% is expected. The GDP per person has been increasing synchronously with labour productivity, surpassing it by 1–2 percentage points (hereinafter pp).

Figure 4. Real convergence with the EU (% of the EU-25 level)



Per capita GDP (PPS)²

Source: The Eurostat.

In 2005, the growth of labour productivity continued at the same rate as in 2004, exceeding the growth of real wages. In 2005, labour productivity increased by 8,9%, while real wages increased by 6,4%. Thus, the anticipatory increase in labour costs has receded, considering the fast economic developments of the past few years. Due to a fast increase in the number of employed people, in 2006 and 2007, the growth of labour productivity is going to slow down to the levels of 6,3% and 6,5% respectively, and the expected increase in salaries is 8,7% and 7,7% respectively (the economic estimate of summer 2006 of the Ministry of Finance).

² PPS – the GDP in purchasing power parities

The analysis of the Ministry of Finance, using the production function method³, shows that while in 2003–2004 growth was somewhat below its potential level in Estonia, then in 2005 it exceeded this level by nearly 2 pp. In long-term perspective, the economic growth will be near the potential level, surpassing the potential level by 0,14 pp in 2006 and remaining under the potential level by 0,31 pp on an average in 2007–2010. A faster-than-expected increase in domestic demand due to the interest cycle base of the Euro zone coinciding with fast economic growth in Estonia, and the related increase in the sense of security bringing about higher consumption and more investments, can be highlighted as the reasons for the very high growth of the preceding year. Additionally, restrictions on foreign trade decreased with the accession of Estonia to the EU and this caused a one-off jump in export volumes.

Table 8. Labour market, productivity and average salary in 2004–2005 and an estimate for years 2006–2010 (people aged 15–74), (%)

	2004	2005	2006 *	2007 *	2008 *	2009 *	2010 *
Increase in employment	0,2	2,0	3,2	1,8	0,5	0,5	0,5
Employment (thousand people)	595,5	607,4	626,6	637,8	641,2	644,3	647,7
Unemployment rate	9,6	7,9	6,8	6,0	6,1	6,0	5,8
Increase in labour productivity (by the number of employed people)	7,6	7,6	6,4	6,4	7,2	7,0	6,9
Increase in compensations to employees	10,1	16,0	17,7	14,2	10,6	9,7	9,3
Real increase in the average salary	5,2	6,4	8,7	7,7	5,4	5,6	5,3
Average salary (EEK)	7287	8073	9170	10 261	11 265	12 281	13 337

Source: Statistics Estonia, Ministry of Finance.

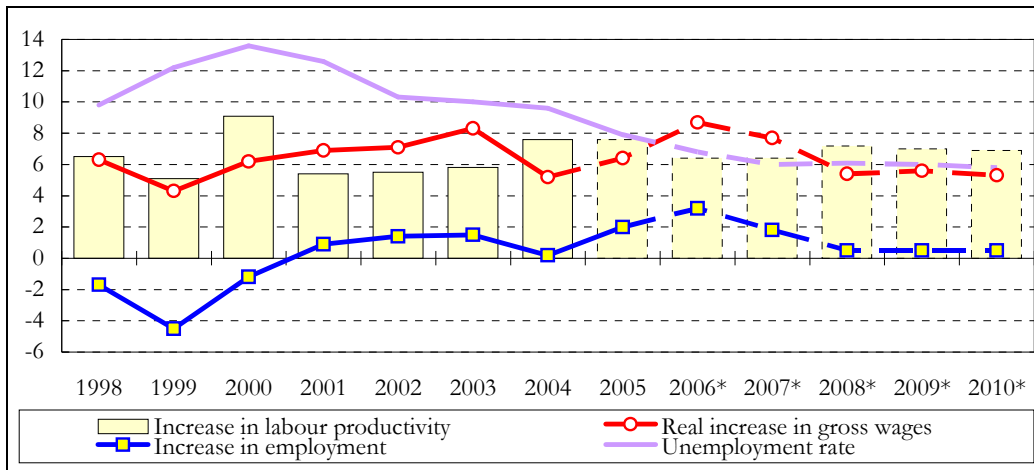
The fast increase in average salaries in 2005 was aided by an increase in salaries in processing industry, energy, health, agriculture and forest management. In the next years, we are expecting the continual increase in salaries, affected by favourable economic developments.

Figure 5. Increase in gross wages⁴, employment⁵ and labour productivity, (%)

³ The methods to calculate the GDP gap and the cyclically equalized budget position has been described in Annex 3 to the Convergence programme of Estonia published in May 2004.

⁴ Since 1998, gross wages do not include health insurance benefit.

⁵ People aged 15–74; the number of employed people up to year 1996 is by way of exception included in the number of people aged 15–69.



Source: Statistics Estonia, Ministry of Finance.

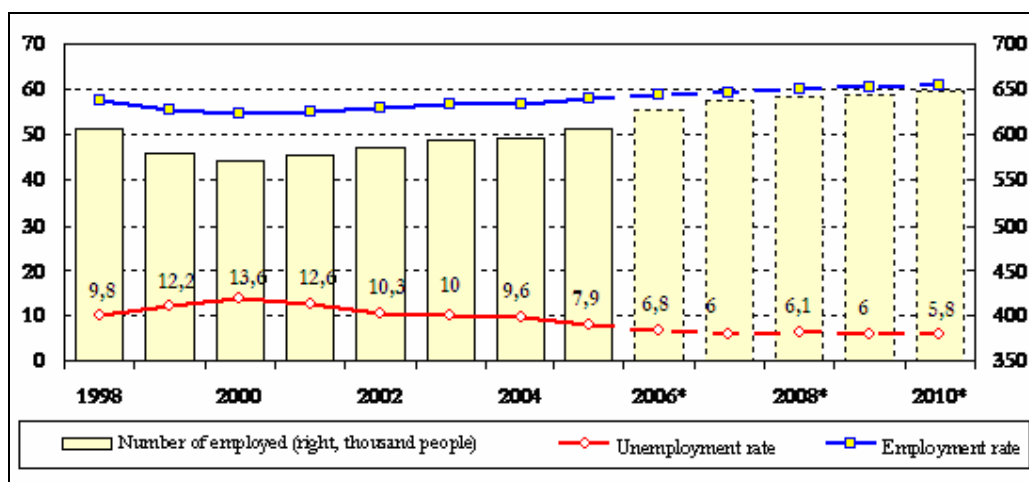
To sum up 2005, gross wages increased by 10,8% and real wages increased by 6,4%, regardless of accelerated inflation. In 2005, the fast growth of monthly gross wages was supported by favourable economic developments, incl. the growth of export and fast developments on the domestic market. As the lack of qualified labour force and the resulting pressure on salary increase is one of the largest problems of the Estonian labour market, the lowering of income tax rate and the increase in the basic exemption has not limited the increase in salaries, contrary to what was estimated before. Thus, the nominal increase in net wages even reached the level of 16%, compared to the 9–10% of previous years. At the same time, the increase in salaries was supported by successful tax administration activities for decreasing salary cash payouts mainly in construction sector, but also in hotels and restaurants. The fast increase in average salaries in 2005 was aided by an increase in salaries in processing industry, energy, health, agriculture and forest management.

Employment

In 2005, the number of people employed increased by 2,0% or by 11 900 persons, resulting in the reduction of unemployment rate to 7,9%. In 2005, employment mainly increased in transport, storage, immovables, lease and business, hotels, restaurants, energy and construction. Employment mainly decreased in the sectors of agriculture and processing industry.

Figure 6. Labour market developments,⁶ (%) (thousand people)

⁶ Since 1997 – people aged 15–74; the number of employed people up to year 1996 is by way of exception included in the number of people aged 15–69.



Source: Statistics Estonia, Ministry of Finance.

Since 2006, the number of people of working age is going to decrease at a growing rate, due to demographic changes, i.e. steep decline of birth rate since the beginning of 1990s. While in 2005 there were 1 048,6 thousand people of working age in Estonia, then in the coming five years this number can be expected to drop by approximately 20 000.

Thus, during a period of medium length, the number of inactive people can be expected to decrease. While in 2005 the number of inactive people was 389 000, then in the coming five years (by 2010) this number can be expected to drop by approximately 47 000.

Table 9. Employment rate by gender and age groups in 2000–2005, (%) (www.stat.ee)

EMPLOYMENT RATE IN 2000–2005, (%)						
Gender, age group	2000	2001	2002	2003	2004	2005
Men and women						
15–24	31,5	31,1	27,8	28,8	26,8	28,6
25–49	76,2	76,6	77,4	78,8	78,8	79,7
50–69	46,0	47,3	50,9	51,2	52,6	54,1
50–74	39,7	40,9	44,0	44,2	45,6	46,7
Total 15–74	54,7	55,2	55,9	56,7	56,8	57,9
16 to retirement age	65,2	65,3	65,6	65,8	66,0	67,0
Men						
15–24	35,8	37,2	33,9	34,9	31,8	32,2
25–49	79,3	79,9	81,9	82,5	82,1	83,0
50–69	52,9	53,0	54,9	56,2	56,1	56,3
50–74	47,1	46,9	48,5	50,1	50,7	49,9
Total 15–74	60,0	60,4	61,1	62,0	61,3	61,5
16 to retirement age	67,2	68,1	68,8	68,5	68,1	68,4
Women						
15–24	27,0	24,6	21,6	22,6	21,5	25,0
25–49	73,2	73,4	73,1	75,2	75,8	76,7
50–69	40,8	43,0	47,8	47,4	49,9	52,4

50–74	34,5	36,7	40,7	40,0	41,9	44,5
Total 15–74	50,1	50,6	51,4	52,1	52,9	54,8
16 to retirement age	63,2	62,5	62,4	62,9	63,9	65,7

In 2000–2005, the employment rate of people aged 15–74 increased by 3,2 pp (54,7–57,9%). In this, the employment rate of women has increased by 4,7 and the employment rate of men by 1,5 pp. Nevertheless, the employment rate of women (54,8%) is considerably lower than the employment rate of men (61,5%). At the same time, this difference is significantly smaller, regarding people aged 16 to retirement age (65,7% and 68,4% respectively).

In 2004, the EU-25 and EU-15 average employment rate of people aged 15–64 was 63,3% and 64,7% respectively, and the employment rate of women in this was 55,7% and 56,8% respectively.

In Estonia, the employment rate of both women and men in all age groups has increased, except in the group of people aged 15–24, where the employment rate has decreased by 2,9 pp (women – by 2 pp, and men – by 3,6 pp).

The level of education of labour force has been increasing since 2000. The share of the labour force of the third educational level has increased from 30% in 2000 to 34% in 2005. At the same time, the share of the labour force without secondary education has decreased from 12% to 10%. This is the result of nearly 10 000 people having completed their higher education and having entered the labour market in recent years. The increased number of university students is also reflected in the fact that the number of inactive people aged 15–24 increased by 30 000 in 2005, compared to 1997, and reached 137 000.

In 2006, the employment rate can be expected to increase by 3,2% and the unemployment rate to decrease to the level of 6,8%. In 2007–2010, the employment rate will increase by 0,8% on an average and the unemployment rate will decrease to the level of 5,8%.

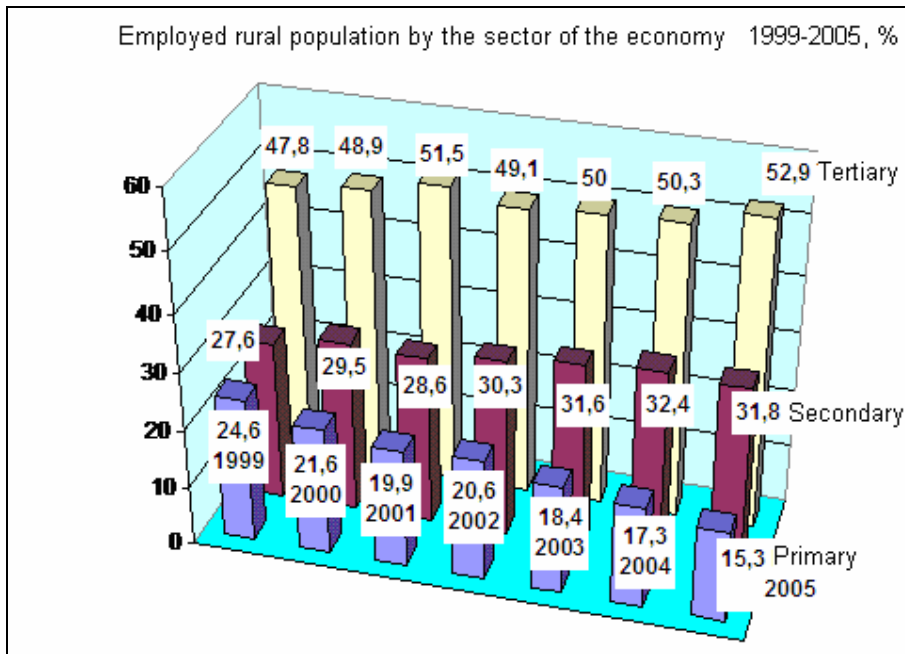
In addition to the fast growth of certain sectors of the economy and to the increase in the number of employed people as a result of this, the state labour market policy through the wider implementation of active measures has a significant role in the decrease of the number of unemployed people.

On an average, 4,9% of labour force was engaged in the primary sector of EU-25 (EU-15 – 3,7%). The direction in Estonia is similar to that and the relevant figure was 5,3% in 2005. In Lithuania, Latvia and Finland, the relevant figures were 14,8%, 12,6% and 4,9% respectively. In Denmark and Germany as countries with very long agricultural traditions, 3,2% and 2,3% of the whole labour force was engaged in the primary sector, respectively.

According to the data of the EUROSTAT for year 2003, 88,4% of all the people employed in Estonia were employed in rural area (using the OECD method).

According to the data of the Estonian labour force survey for 2003, there were 167 900 employed people in rural area, i.e. 28,3% of all employed people of Estonia. The relevant figures for EU-25 and EU-15 were 51,2% and 46,6% respectively. According to the data of 2004, there were 169 100, and in 2005, 172 800 employed people in rural area (28,4% of all employed people of Estonia).

Figure 7. Employment in rural area by sectors of the economy in 1999–2005, (%)



Source: Labour force surveys of Statistics Estonia.

In rural area, the number of people employed has decreased from 246 300 in 1989 to 172 800 in 2005 (-29,8%). The share of primary sector (agriculture, hunting, forestry, fishery) in employment has decreased more than three times (55,9–15,3%), compared with 1989, the share of tertiary sector (services) has increased 1,4 and the share of secondary sector (processing industry, mining industry, construction, energy, gas and water supply) has increased 1,2 times. In all, employment in primary sector has decreased by 111 200 people employed, at the same time, increase in employment in secondary sector (10 000 persons) and in tertiary sector (27 600 persons) could only compensate for 33,8% of it.

During the last five years, continual decrease in the share of employment in primary sector (1–2% a year), growth of secondary sector (about 1% a year) and stabilisation of tertiary sector at 50–53% has been observed.

In 2000–2005, the number of people employed in agriculture and hunting decreased by 18 200 (43,8%), and according to the brochure “Labour Force 2005”, published by Statistics Estonia, only 23 400 people were employed in those fields, making up 3,9% of all the employed people of Estonia.

Table 10. Employment in agriculture and hunting in 2000–2005

Year	Number of employed people, in thousands	Change, compared to the previous year, in thousands	Change, compared to the previous year, %
2000	31,5	-10,1	-24,3
2001	29,0	-2,5	-7,9
2002	30,1	1,1	3,8
2003	25,9	-4,2	-14,0
2004	24,2	-1,7	-6,6
2005	23,4	-0,8	-3,3

Sources: Estonian labour market surveys 2000–2005.

According to Estonian labour market surveys, the age structure of employed rural population is somewhat better than the Estonian average. The share of people aged 25–49 is by 4,6% larger and the share of people aged 50–74 by 3,2% smaller than the Estonian average.

Table 11. The number of employed people by age groups in 2005 (average annual, %)

Age group	Estonian average	Rural population average	In agriculture and hunting ⁷
15–24	9,8	7,8	4,9
25–49	61,6	66,9	42,0
50–74	28,6	25,3	53,1
Total 15–74	100,0	100,0	100,0
16 to retirement age	92,4	93,4	80,1

Sources: Estonian labour market survey of 2004.

According to the data of the agricultural census of 2001, the situation was somewhat worse: the share of people aged 25–49 was 42% and the share of people aged 50–74 was 53,1%.

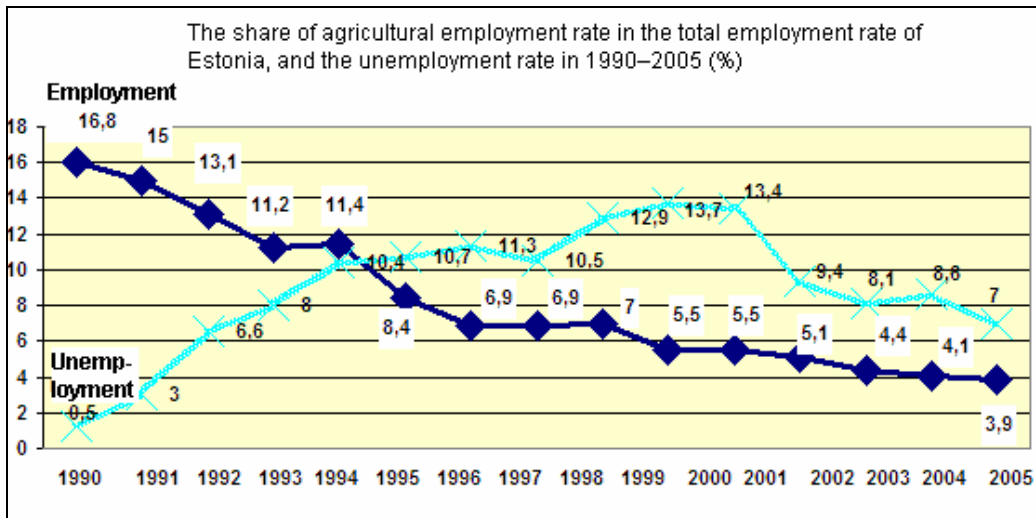
In 2001, the number of sole possessors aged up to 39 made up 15,6% of all sole possessors of agricultural households, and the respective share of sole possessors aged 65 and older was 30,6%. During the years that followed, the share of the young has diminished even more. According to the Agricultural Registers and Information Board (the ARIB), in 2005, the share of people aged up to 39 applying for single area payment was 13,4% of the total number of applicants, and the respective share of people aged 65 and more was 29,6%. This indicates a serious disproportion of owners of such households by age groups and requires an intervention by the public sector in order to reduce this disproportion (support for setting up of young agricultural producers).

As a result of positive developments on the labour market, the unemployment rate of Estonia for 2005 has decreased to the level of 7,9%, compared to the level of 9,7% in the preceding year.

The average unemployment rate of EU-25 for 2005 was 8,7% (EU-15 – 7,9%). Unemployment was the lowest in Ireland (4,3%), in Great Britain (4,6%) and in the Netherlands (4,7%). The average unemployment rate of Estonia was 7,9%. The situation was worse than that in Poland (17,7%), Slovakia (16,4%) and Greece (10%). The unemployment rate in Estonian rural area decreased from the level of 8,6% to the level of 7,0% during 2005.

Figure 8. The share of agricultural employment rate in the total employment rate of Estonia, and the unemployment rate in 1990–2005, (%)

⁷ The agricultural census of 2001



Source: Statistics Estonia labour force surveys.

The highest unemployment rate could be observed in Northeastern Estonia (16,2%) and the lowest in Central (5,1%) and in Western Estonia (5,7%).

At the same time, shortage of jobs is one of the problems in rural area. Many rural inhabitants have searched and found employment in cities: in 1998, there were 53 500 rural inhabitants employed in cities, in 2003, this number was 67 300 and in 2004 it decreased to 65 100. The share of rural inhabitants employed abroad has slowly increased to the level of 1%.

Other problems include the continually low level of education among unemployed people (primary level of education – 18,2%, secondary level of education – 64,6%), their inadequate skills, regarding the requirements of labour market, and the relatively large share of discouraged people in the total number of inactive people.

In 2005, unemployment rate was higher among people with up to basic education – 14,5%, general secondary education – 9,2%, vocational secondary education after general secondary education – 4,1%, and among people with higher education and post-graduate training the relevant indicator was 3,9%⁸. The share of labour force of the third educational level was higher than the average of the 4th quarter of 2005 (35%) only in Northern Estonia (44,4%). Southern Estonia (31,4%), Northeastern Estonia (28,5%), Western Estonia (25%) and Central Estonia (24,7%) followed.

In 2002, 11 900 people (9%) of 15–74 years old inactive rural inhabitants and 5800 people (2%) in cities were discouraged. In 2003 and 2004, the number of discouraged people decreased by 300 and 1500 respectively, making up 7,8% and 7,3% of inactive people. The growth of the number of discouraged people among rural inhabitants of lower educational level, in particular among men, is one of the biggest problems.

Land use

The total area of Estonia is 45 227 km², including 43 698 km² of land area. More than a half of the land area is forest land, one-third is agricultural land, and one-fifth is covered by mires and bogs.

Table 12. Distribution of the total area of Estonia by land categories in 2004

⁸ The structure of Estonian education levels: first – primary and basic education; second – secondary education, vocational education, vocational secondary education after basic education; third – vocational secondary education after secondary education, higher education, Master's level degree and Doctoral level degree.

Land category	Total area of Estonia ⁹		State forest districts ¹⁰		Other		Total of Estonia ¹¹	
	1000 ha	%	1000 ha	%	1000 ha	%	1000 ha	%
Forest land	2284,6	52,3	858,9	78,7	1425,7	43,5	2284,6	50,5
of this, covered with forest	2138,5	48,9	806,3	73,9	1332,2	40,6	2138,5	47,3
without forest	146,1	3,3	52,6	4,8	93,5	2,9	146,1	3,2
Bushes	70,9	1,6	2,3	0,2	68,6	2,1	70,9	1,6
Agricultural land	1314,3	30,1	8,4	0,8	1306,0	39,8	1314,3	29,1
Bog	250,8	5,7	163,1	14,9	87,7	2,7	250,8	5,5
Internal waters	100,6	2,3	13,9	1,4	86,7	2,6	253,5	5,6
Populated area	155,2	3,6	0,1	0,0	155,1	4,7	155,2	3,4
Roads	50,0	1,1	7,5	0,7	42,5	1,3	50,0	1,1
Utility lines	58,3	1,3	21,2	1,9	37,1	1,1	58,3	1,3
Quarries	34,2	0,8	14,2	1,3	20,0	0,6	34,2	0,8
Other lands	50,9	1,2	2,1	0,2	48,8	1,5	50,9	1,1
Total	4369,8	100,0	1091,6	100,0	3278,2	100,0	4522,7	100,0

Source: Yearbook "Forest", 2005.

⁹ Without the area of Lake Peipsi.

¹⁰ State Forest Management Centre area of administration.

¹¹ With the area of Lake Peipsi.

3.1.2 SITUATION OF AGRICULTURAL, FORESTRY AND FOOD SECTOR

Agricultural production

Agriculture is the sector of the economy, which has undergone the deepest changes during the transition period. Regardless of the decreased share of agriculture in Estonian economy, its significant role in supplying rural population with food, in rural enterprise and in shaping cultural landscape has survived.

For nine successive years (1994–2002), value added of agriculture and hunting at constant prices decreased by 5% a year on an average. Only in 2003 and 2004, value added in the sectors mentioned started to increase, by 2,0% and 6,2% respectively. In 2005, this number decreased by 0,2% again, compared to the previous year. Negative real growth of value added in agriculture has also influenced the share of agriculture and hunting in overall value added of areas of activity. If in 1997, agriculture made up about 3,9% of the total value added of Estonia, by 2005, it had decreased to 2,4%.

If in 1997, value added produced per person engaged in agriculture was about 27% lower than in overall economy, in 2005, value added per person engaged in agriculture was already about 54% lower than in overall economy.

According to the data of the structure survey made in 2005, there are 27 747 agricultural holdings in Estonia. The share of agricultural holdings smaller than 2 European Size Units (ESU) is relatively big in Estonia (about 75,8% of holdings). If the agricultural holdings who have applied for the Single Area Payment for agricultural production or landscape maintenance are regarded as active agricultural holdings, there are about 19 000 applicants for the SAPS in Estonia. At the same time, we have to consider that according to the FADN database we only have about 7000 professional commercial enterprises, which receive most of their income from agricultural production (bigger than 2 ESU).

More than a half of agricultural producers (64,1%) belong to the size group of 2–6 ESU, in case of which it can be presumed that their estimated return on sales will be less than 200 000 EEK a year. Adding the size group of 6–25 ESU (whose estimated return on sales can be about 200 000–1 000 000 EEK a year), we shall find that the return on sales of 88,6% of Estonian agricultural producers is not bigger than 1 million EEK. At the same time, the total revenue of those two size groups makes up 28,3% of the standard gross margin of Estonian sector of agriculture, they use 36,1% of agricultural land and 43,8% of labour in annual work units. 10,4% of agricultural producers belong to the size group of 25–250 ESU (the producers with the return on sales of 1–10 million EEK), but they produce 43,7% of standard gross margin and use 45,4% of agricultural land and 30,6% of labour in annual work units. Somewhat more than 1,0% of agricultural producers belong to the size group of over 250 ESU, but they produce 28,0% of standard gross margin and use 18,5% of utilized agricultural land and 25,6% of labour in annual work units.

Table 13. The structure of agricultural producers in 2005

European Size Unit (ESU)	2–6 ESU	6–25 ESU	25–80 ESU	80–250 ESU	250–500 ESU	500–750 ESU	More than 750 ESU	Total more than 2 ESU
Number of agricultural producers	4 313	1 644	466	234	47	12	8	6 724
share, %	64,1%	24,5%	6,9%	3,5%	0,7%	0,2%	0,1%	100,0%
Standard gross								

margin, ESU	14 215	19 223	20 381	31 311	14 493	6 783	11 846	118 252
Estimated standard gross margin, million EEK ¹²	266,8	360,8	382,5	587,6	272,0	127,3	222,3	2 219,3
Share, %	12,0%	16,3%	17,2%	26,5%	12,3%	5,7%	10,0%	100,0%
Total Utilized Agricultural Area (UAA), ha	108 936	141 076	135 541	178 796	72 339	31 271	24 278	692 237
Share, %	15,7%	20,4%	19,6%	25,8%	10,5%	4,5%	3,5%	100,0%
Total labour input, AWU	5 888	3 636	2 463	4 189	3 032	926	1 613	21 747
Share, %	27,1%	16,7%	11,3%	19,3%	13,9%	4,3%	7,4%	100,0%

Source: FADN

The age structure of Estonian agriculture can be compared with the EU-15 age structure. Sole possessors of agricultural holdings less than 35 years old made up 10% of agricultural entrepreneurs, possessors older than 55 years made up 55% of agricultural entrepreneurs. Compared with the EU-15 relevant indicators, the proportion of the people 35 years old to the people 55 years old is 0,12 in the EU and 0,19 in Estonia. Therefore, it is necessary to promote the participation of younger generation in agriculture.

According to the Economic Accounts for Agriculture, in 2005, the value of agricultural production totalled to 8198 million EEK, of which subsidies on product in crop and livestock farming made up 4,1% (338,5 million EEK). Compared with the year 2004, agricultural production (at current prices) increased by 10,7% with subsidies and by 12,1% without subsidies. In 2005, the gross value added of agricultural producers increased by 5% and the net value added increased by 2%, compared with 2004. Animal husbandry makes up the biggest part of production value (in 2005, 51,3%).

The competitiveness of Estonian agriculture has been low since the beginning of 1990s, since when there have been no opportunities for the necessary investments. Thus, 50% of the fixed assets used by agricultural producers have overextended their service life.

A comparative analysis of all the tested enterprises of the FADN database (total volume of production, intermediate consumption, value added, etc.) indicates that Estonia does not keep up with the average efficiency figures of the EU-15 agricultural producers.

In comparison with the average of the old Member States of the EU, the cost of fixed assets per 1 ha of used land is more than 7 times and the provision with fixed assets per an average employee is more than 6 times lower in Estonia, though those figures are somewhat higher than the average figures of the new Member States. Big differences (6–7 times) between the levels of fixed assets of Estonia and EU-15 indicate a serious disproportion that cannot be overcome by simply hoping for a convergence of prices taking place in the common

¹² The economic size of agricultural producers is characterised by standard gross margin, which is the difference between the value of produced agricultural produce and the operational costs of the production of this produce. In the EU, European Size Unit (ESU) is used for the determination of the economic size of agricultural producers. 1 ESU is 1 200 EUR (18 768 EEK). The division of the standard gross margin of an agricultural producer by 1 200 EUR results in the economic size of the agricultural producer in ESUs. To get a better overview of the structure of agricultural producers and for comparison with other fields of activity, the estimated standard gross margin (EEK) has also been indicated here.

economic space. At the same time, the difference in actual production outputs (yields, livestock productivity, total production, etc.) per 1 ha of used land is not so big as in case of the provision with fixed assets.

The analysis of sustainability based on the net value added of agricultural producers indicated that small agricultural holdings will not be sustainable with the same type and volume of production going on. They don't have enough means for investments and for the conversion of production.

Within the new programming period 2007–2013, new standards concerning agricultural producers and requiring additional investments are expected. Bigger stock farmers will have the obligation to use the best available techniques (the BAT), concurrent with an integrated environmental permit. According to Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs, tethering sheds must be rebuilt into free-range sheds by 31 December 2010. Besides, at the beginning of the new period, the necessary investments related to the new cross-compliance requirements and the need for investments related to the new poultry breeding requirements in the last years of the period 2007–2013 have to be considered. Attention should also be given to the additional requirements proceeding from the Community action plan 2006–2010 on animal protection and welfare.

Milk quota

At the accession negotiations with the EU, the Estonian national milk quota was fixed at 624 483 tons, 537 118 tons for supply to industry and 87 365 tons for direct marketing respectively. In the first year to adhere to the EU requirements, a bit more than 60% of the supply quota was realized, henceforth, regardless of the continual increase in supply quantities, it has remained stable at 93–94%. This was caused by the transformation of a big part of the initial direct marketing quota into supply quota, sought by milk producers: thus, in the quota year of 2004/2005, the Estonian national supply quota increased by 17,5 thousand tons (at the same time, the national direct marketing quota decreased), in the quota year of 2005/2006 by approximately 50 thousand tons and in the quota year of 2006/2007 by 7 thousand tons more. In the quota year of 2006/2007, the Estonian national supply quota extraordinarily increased by the quota released as a specific reserve for restructuring.

Table 14. Milk quota

Quota year	Estonian quota	Supply			Direct marketing		
		Quantity thousand t	Realization thousand t	%	Quantity thousand t	Realization thousand t	%
2003/2004	1.4.2003	810,0	498,5	61,5	90,0	12,5	13,9
	31.3.2004	810,0			90,0		
2004/2005	1.4.2004	537,1	519,7	93,7	87,4	9,7	13,9
	31.3.2005	554,7			69,8		
2005/2006	1.4.2005	554,7	570,0	94,3	69,8	8,9	44,3
	31.3.2006	604,4			20,1		
2006/2007	1.4.2006	626,3	593,0	93,6	20,1	7,4	57,3
	31.3.2007	633,4			12,9		
2007/2008	1.4.2007	633,4	311,2*	49,1*	12,9	3,3*	25,3*
	29.10.2007	633,4			12,9		

Source: ARIB (* – 6 months' data)

This quota year, which started on 1 April 2007, increase in the quantity of milk to be delivered to industry has stopped. Within the first six months, milk producers delivered to

industry 311 206 tons of milk, which makes up 49,1% of the annual supply quota, and marketed directly to final consumers 3269 tons of milk, which makes up 25,3% of the annual direct marketing quota. In comparison with the same period of the last year, the quantity of milk delivered to industry and to final consumers has decreased by 0,4% and 15,3% respectively.

Animal welfare

Agriculture is known for its long tradition of good animal treatment and of guaranteeing the best possible conditions for animals. Each animal keeper is interested in good animal health, reproduction capacity and high quality production.

Though Estonia has not yet acceded to the European Convention for the Protection of Animals Kept for Farming Purposes, the Convention principles have been successfully applied in national law. The Animal Protection Act is amended almost every year, in order to bring it into conformity with new scientific data and vital needs. Poultry, pig and calf keeping and the pre-slaughter keeping, stunning and slaughtering of animals is regulated by ministerial orders. The Infectious Animal Disease Control Act and the Veterinary Activities Organisation Act also deal with several aspects of animal welfare.

Government of the Republic and the Rural Affairs Committee and the European Union Affairs Committee of the Riigikogu have approved the Community Action Plan on the Protection and Welfare of Animals 2006–2010. Broader informing of the public, the promotion of supervision and the elaboration of additional requirements for keeping some animal species, considering the newest scientific data, are considered to be important. The elaboration of a foodstuff labelling system, regarding the welfare of the animals kept for production, will be an important part of the information system.

As a result of the disappearance of collective farms, the utilisation of old livestock buildings has generally been stopped. New livestock buildings have been designed, constructed and equipped, bearing modern standards in mind. Considering the continual introduction of free range cattle housing, in case of which animals' chance to get out is restricted, more attention should be given to the promotion of grazing.

In addition to supervisory bodies, media also pays much attention to all kinds of violations, regarding animal protection. Public awareness of the subject is increasing and animal protection organisations have also become more active.

Land improvement

The purposeful use of more than a half of agricultural land and of about a half of forest land is only possible ensuring the proper functioning of land improvement systems on those lands. 420 000 ha or about a half of the Estonian usable agricultural area have been drained, in forest land, there are drainage networks on 600 000 ha. About 400 000 ha of forest (mostly private forest) still suffer from overmoisture. Compared to temperately humid soils, the cultivation value of soil on aforementioned lands is lower and its usability more limited. With land improvement, the risk of crop failure is avoided in the areas with the soil hydrological regime unfavourable for plant growth, prerequisites are created for the purposeful use of profit-yielding land and production conditions on agricultural and private forest land are unified, compared to temperately humid areas.

Most of the existing agricultural land drainage systems (more than 70%) were established more than 30 years ago and do not concur with the division of parcels emerged after the restitution and privatisation of land. The size of land improvement systems is generally 60–400 ha and they are located on the land owned by several land owners. The recipients of land improvement systems can generally be maintained by co-operative work, which unfortunately has not yet developed. For land users, land improvement is an expensive additional

commitment (in comparison with producers operating in adequately moist land), which without support goes beyond their power.

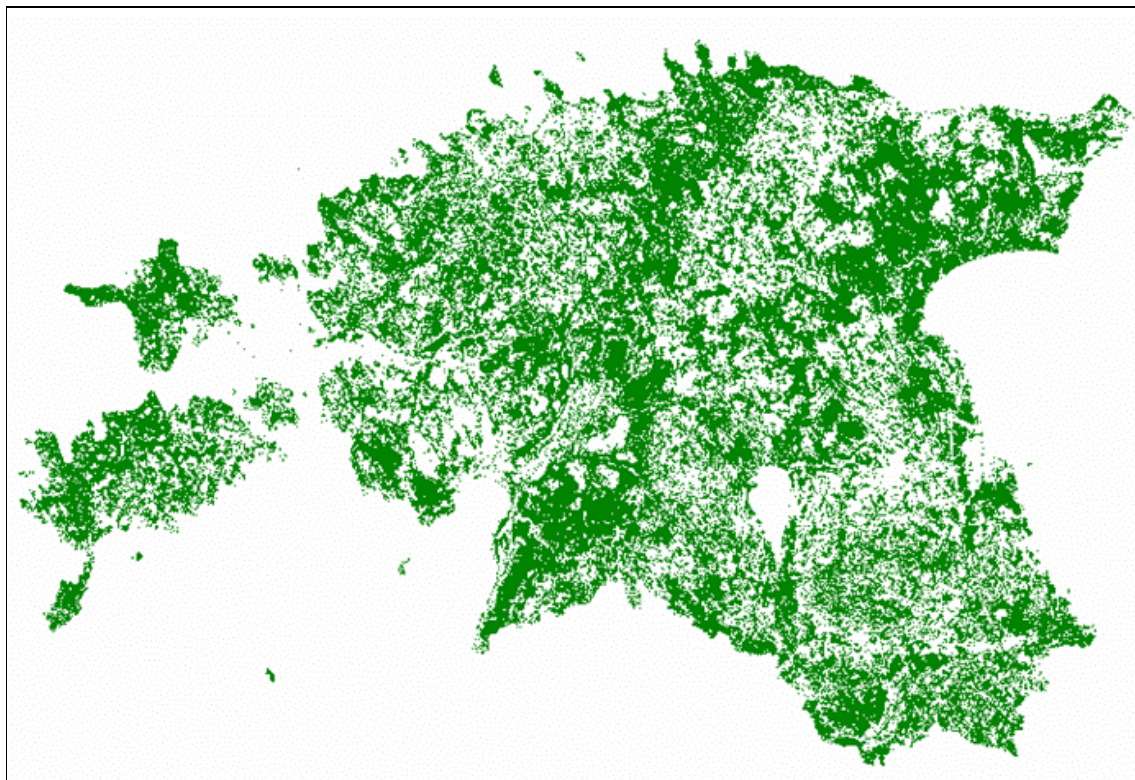
The results of the land improvement survey conducted in 2005 indicated that 11% of drained agricultural land is in good, 63% in fair and 26% in poor drainage condition. By estimates, insufficient investments in this sector reduce the share of lands in good and fair drainage condition by approximately 2–3% a year.

The main objective of supporting land improvement is to ensure the necessary functioning capacity of drainage systems on agricultural and forest land, so that land as the main resource of the rural economy does not turn into unusable in the future.

Forest management

Forest is one of the most important renewable natural resources, covering a half of the Estonian mainland (2,28 million ha). There is 1,63 ha of forest land per person and its growth per person is 342 m³, exceeding the relevant world and European average (the average of the EU is 0,74 ha).

Map 2. Forest areas in Estonia



In Estonian legislation, forest is defined as an ecological system, including forest land, the flora growing on this land, and the fauna living on this land. Forest land is the land which has been entered into the land cadastre as forest land, or a plot of land with the area of at least 0,1 ha, where the height of woody plants is at least 1,3 m and the canopy closure is at least 30%. The land of courtyards, parks, cemeteries, green areas, fruit and berry orchards, nurseries, gardening farms, arboretums, or fruit and berry plantations is not regarded as forest land.

38% of forest area (858 900 ha) is managed by the state and 39% (894 167 ha) is privately owned. The remaining part of forest land is still subject to land reform or managed by other holders (e.g. churches, local governments). After the end of the land reform, which began in

1991, approximately 60% or about 1,3 million ha of forest land should be in private ownership.

By counties, forest land area is not homogenous. In the counties of higher soil fertility than the Estonian average (about 43 evaluation points), there is less forest land and land is used for other purposes, in particular for agriculture. Though the percentage of forest coverage is low in those counties, the share of commercial forests is bigger there. In Estonia, commercial forests make up 69,1% (1,579 million ha) of the total forest area.

Forest provides work and timber industry is an important sector of the Estonian economy. The sector of wood makes up one fourth of the turnover of the Estonian industry, one fifth of export and one third of investments. Investments of enterprises into the fixed assets of forest management, logging and related service activities at current prices totalled to 389 445 000 kroons in 2004. Value added of the GDP in forest management has decreased in the last years, but value added produced per one employed person is by 30% bigger than in other sectors of the economy together. In 2003, on the basis of value added, labour productivity per one employee was 230 000 kroons in forest management, logging and related service activities.

Though forest management has increased the total prescribed cut, exceeding in 2004 three times the prescribed cut of 1993, the resources of standing timber (453 million m³), have increased just as much. The average forest stand reserves have increased twice, making up 212 m³/ha. The growth of reserves is approximately 11,6 million m³ a year. Considering the above mentioned, it should be highlighted that presently the annual prescribed cut is approximately 2 times lower than the maximum allowable cut provided in the Estonian Forestry Development Programme until 2010 (12 million m³). In 2004, 7,63 million m³ were cut in Estonian forests, thus, cutting decreased by 2,3% more, compared to the relevant figure for year 2003. The total cutting area was 132 097 ha (in 2003, 122 538 ha). In 2004, regeneration cutting made up 69,8% (in 2002, 85,8%), improvement cutting 28,2% and selection and other cuttings 1,9% of the total cutting volume.

If in 2003 reforestation totalled to 11 307 ha, it was 9318 ha in 2004. Culture establishment (7572 ha) is the basic reforestation method and assisted forest regeneration was realised on 1746 ha in 2004.

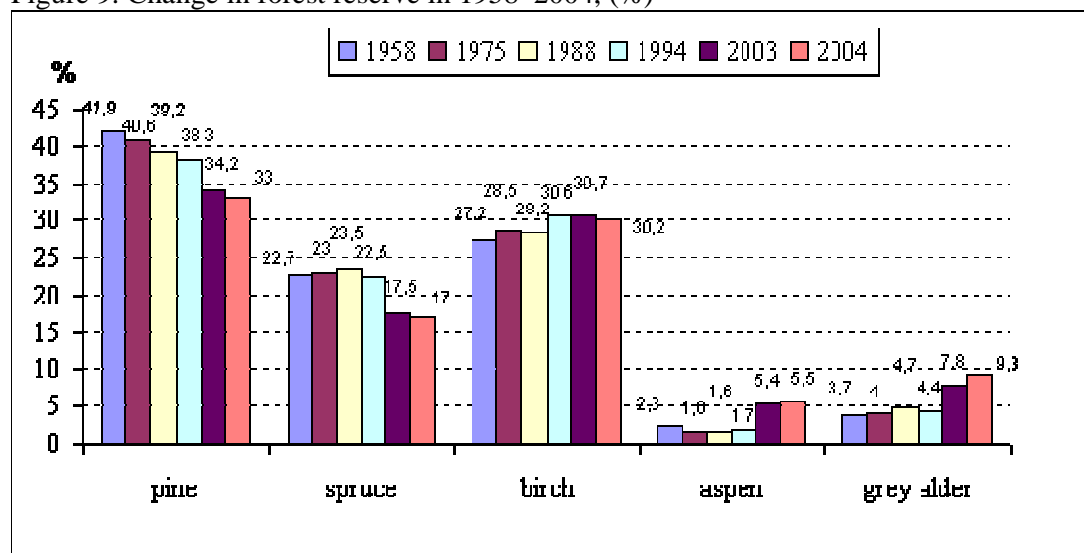
In Estonia, it is possible to manage 2,11 million ha of forest (92,4% of the total area of forest land), and the rest of the forest land is divided into areas with high nature value or other types of forest land.

Compared to the other EU Member States, Estonia is one of the most wooded countries, occupying the fourth place. In addition, Estonia is one of the four European countries, where the share of the sector of forestry in the GDP is more than 10% (after Finland, Sweden and Slovenia). Resulting from the geographical location of Estonia, Estonian forests belong to the taiga zone, characterised by the productive ecosystems of coniferous forests and mixed coniferous and broadleaf forests. After regeneration cutting, those areas mostly regenerate with broadleaf trees and as private forests have mostly not been regenerated with conifers, the share of economically inferior broadleaf forest stands is about 20% of forest land there. To get the forest stands of high quality, the activity of forest owners in the improvement of the economic, ecological and social value of forest, in the maintenance of forest resources and in the improvement of their status for their sustainable management is of big importance. The existence of forestry and servicing enterprises creates favourable conditions for the sustainable management and development of forests.

At the end of the 19th century, the share of forests in the total area of Estonia was 25%, in 1940 31%, in 1965 36%, and, according to the data of the Statistically Selective Inventory (the SSI), it was 52,3% in 2004. In 2000–2005, the area of forests increased by 5800 ha a year on an average (source: FRA, 2005). Increase in forest area is mainly the result of the afforestation of agricultural land and also bogs (incl. becoming covered with woods

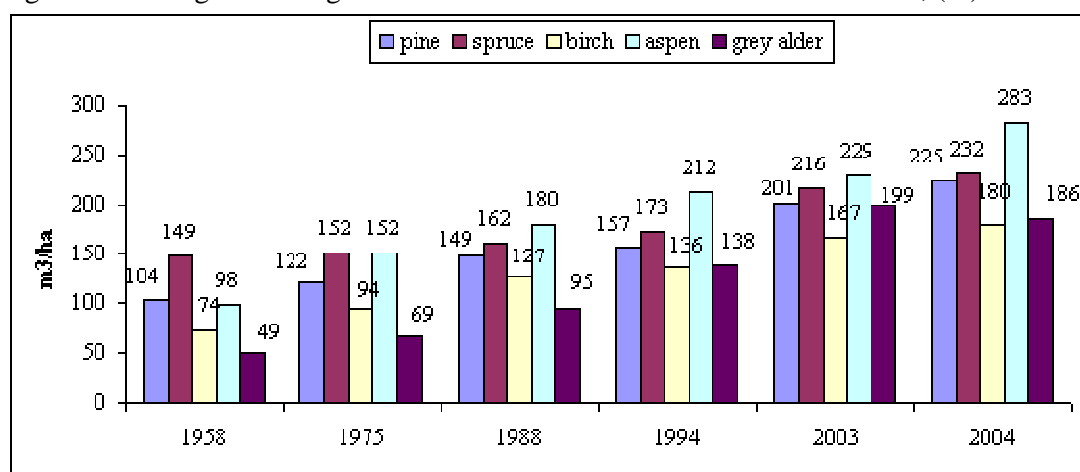
naturally).

Figure 9. Change in forest reserve in 1958–2004, (%)



Source: Annual journal “Forest”, 2005.

Figure 10. Change in average hectare reserves of forest stands in 1958–2004, (%)



Source: Annual journal “Forest”, 2005.

Private forestry

By estimates, there are about 70 000 private forest owners in Estonia, of whom a big part (60–70%) live some distance from their forest property or who lack professional knowledge and experience for the management of their forests.

Though in Estonia the average privately owned forest covers 12 ha, it has to be underlined that in every county there are more cadaster units with 1–4,9 ha of forest area and in 80% of cadaster units forest covers less than 10 ha. The percentage of big forest owners with 100 ha and more of forest land is less than 1%.

As in the other EU Member States, in the conditions of Estonia, it is important to develop and enhance joint forestry activity, otherwise it is not possible to manage forests in rational and efficient way and generate income from forest management.

At present, more than 1100 forest owners (about 2% of forest owners) belong to 48 forest owners' associations (forest cooperative, company, society, union), of which the participants own about 60 000 ha of forest land.

According to the data of different surveys, attention should be given to the following problems of private forestry:

- physical persons reforest considerably less than legal persons. A big part of private forest regeneration is left to natural forest regeneration and the share of forest cultures in reforestation is too small; reforestation problems are mostly related to the regeneration of more fertile forest site types and to the improvement of economic value;
- the economic situation of private forest owners and the profitability of forest tending are not sufficient for investments into forest drainage and forest road construction and for entering into additional environmental commitments;
- forestry knowledge and skills are insufficient;
- insufficient attention is given to the different utilisation possibilities of forestry products, to the improvement of marketing and to the expansion of the multifunctional role of forest;
- as investments in forest management are of long pay-back period, a big part of the machinery necessary for forest management and for adding value to timber are obsolete, as the purchase of modern machinery goes beyond the owners' power.

Agricultural produce processing industry

Food industry is the main buyer and increaser in value of domestic agricultural produce. Agricultural produce processing into non-food still makes up a very small part of the production of the Estonian agricultural produce processing industry.

In 2004, food industry yielded to 19% of the total processing industry output, about 4% of the GDP and 4,6% of the total export. About 30% of the production of food industry is exported. However, agricultural produce trade balance has been negative since 1995. The sector employs about 3% (21 300 workers) of the employed and 14% of the total number of people working in processing industry. Though the share of food industry in the total output of processing industry indicates a downward trend, it is not thus much caused by the decrease in food industry output volume than by the increase in the share of other sectors, in particular of engineering and apparatuses industry and of timber industry. Food industry continues to be the biggest sector of processing industry but it can also be characterised by the lowest sales gain rate. In 2004, value added of food industry in real terms was about 2,6 billion EEK, which was about 13% higher than in 2000. Value added per one worker was bigger than in agriculture, 181 000 EEK as of 2005. In case of large-scale enterprises, this figure was 208 000 EEK, in case of medium-sized enterprises 203 200 EEK, in case of small enterprises 117 000 EEK and in case of micro-enterprises 103 900 EEK. Compared with the year 2000, micro-enterprises had undergone the biggest growth. Within 2000–2005, value added in micro-enterprises increased 156%, in large-scale enterprises 78%, in small enterprises 55% and in medium-sized enterprises 41%. Dairy industry forms the biggest part of the total output of food industry, which was 32% in 2004 and of which the share has been increasing from year to year.

The number of sector enterprises has been stable in recent years. As of 2005, 139 meat processing plants, 41 dairy plants, 162 bakeries, 15 enterprises producing products of the milling industry and some other fields of activity had been approved by the Veterinary and Food Board. The number of enterprises with up to 9 employees was the biggest (46%), in all,

the enterprises employing up to 50 people make up more than 80% and the enterprises with up to 250 employees make up 96% of the total number of sector enterprises.

Organic processing has developed rather slowly up to now. At the middle of 2006, only 16 organic processing enterprises had been entered in the register of organic farming, of which two are authorised meat plants, two enterprises are engaged in the production of milk products, four enterprises produce cereal-based products and the remaining enterprises are active in the processing and packaging of fruit, vegetables, berries and herbs.

Due to the backwardness of organic processing and market development, the commercial availability of organic products is still insufficient. At the moment, most organic products are sold as conventional products.

So far, the share of organic products sold as organic products has been examined as one part of the evaluation of agri-environmental support. Reference to organic farming is mostly given in case of the products which do not require processing (e.g. vegetables, fruit, honey) and which are sold directly from the enterprise to the residents of the close by region. Most of the organic products to be processed are generally sold as traditional products. Shortage of organic processors, missing price differences between organic and traditional production and lack of traders in organic products are the main reasons for the sale of organic products as traditional products.

Sale directly from the farm is the most important sales channel, sale of organic products to food industry mostly as traditional products follows.

Lack of mark-up for organic products as compared with traditional products is a great problem organic producers have to face. About 70% of the producers questioned answered that they did not receive any mark-up for organic products. In case of the producers who received mark-up, it made up approximately 10–20%.

Food industry is the branch of industry most influenced by the accession to the EU. To bring enterprises into compliance with food safety requirements, big investments had to be made in a short period of time. To ensure conformity with requirements, the investments of the last years have mostly been directed at the reconstruction of production buildings and the replacement of depreciated equipment. According to the data provided by Statistics Estonia, about 2,7 billion EEK were invested into food industry in 2002–2004. Biggest investments have been made in the purchase of machinery and equipment (49%) and in the reconstruction of buildings and facilities (34,5%). The gross fixed capital formation in food industry at constant prices was 1 004 800 000 EEK in 2004.

To date, the agricultural produce processing industry sector has already reached a certain investment level – enterprises have been brought into accordance with food safety requirements and the production has become more efficient. Low orientation at the products of higher value added and quality, low specialisation of industries and low efficiency are still problems. At the same time, obsolete production and packaging technologies are not able to ensure stable quality of products, required today.

Smallness of market and low purchase power of consumers (food and drinkable costs make up about 26% of the total costs of households) are the main problems at the domestic market. To keep the market share, it is necessary to react flexibly to the changing market demand and to ensure products' stable quality and competitive price. Both for the enterprises orientating at export and big trade and for small enterprises producing specific products (niche production, incl. organic products and processing of alternative crops) bigger specialisation is the way to ensure competitive price for products.

Inadequate attention to the introduction of new technologies and to the development of products due to the shortage of financial resources, caused by compulsory investments made in a relatively short period of time, is one of the biggest problems enterprises have to face. In comparison with the year 2000, the food sector investments into research and development

activities have grown more than 42% according to the data provided by Statistics Estonia. At the same time, the research and development activities of food industries made up only 0,013% of the GDP in 2004. According to the EUROSTAT, the investments of the whole Estonian sector of enterprise made in research and development in 2005, made up 0,42% of the GDP, compared with the EU-15 and the EU-25 average (1,22% and 1,18% respectively). At the same time, the need to follow the new market demand, more attention should be given to the development of new products and technologies and to closer co-operation with different research establishments. According to the data of the Statistics Estonia, in 2004, large-scale enterprises spent 2 339 000 EEK on research and development, medium-sized enterprises and small enterprises 2 328 000 EEK and 940 000 EEK respectively. Micro-enterprises did not incur any expenses in research and development. During 2000–2004, small enterprises attained the biggest growth, their expenditures increased 226% (in case of large-scale enterprises and medium-sized enterprises 181% and 168% respectively). As the expenditures of enterprises on research and development are very low in the whole sector and differences between sectors are small, the enterprises of all size groups should pay more attention to that. Training of specialists on international level for which undertakings have only small resources, remains lagging behind. At the moment, there are experienced people familiar with sector specificity at the labour market. However, the situation becomes more complicated when a highly qualified specialist is needed. In addition, due to the shortage of resources, agricultural produce processing enterprises have invested too little into the accomplishment of purposes related to environmental protection. In the nearest future, more attention should be given to this field.

3.1.3 ENVIRONMENT AND LAND MAINTENANCE

Less-favoured areas

Due to the low soil quality rating and taking into account the economic and social circumstances of the region, Chapter 6 of the ERDP 2004–2006 defines the support for less-favoured areas. General principles for the determination of less-favoured areas are provided in Council Regulation (EC) No 1257/1999 and specified in more detail in Council Regulation (EC) No 1783/2003. In 2006, support with a view to continue land use in the less-favoured areas referred to and to maintain the countryside was applied for the total area of approximately 344 000 ha.

Less-favoured areas cover 2 259 000 ha (49,95% of the total area of Estonia), of which the share of agricultural land is 627 000 ha. According to the data of the agricultural census of 2001, 349 000 ha of this are in use and 439 000 ha are entered into the cadastre.

Table 15. Structure of less-favoured areas, (%)

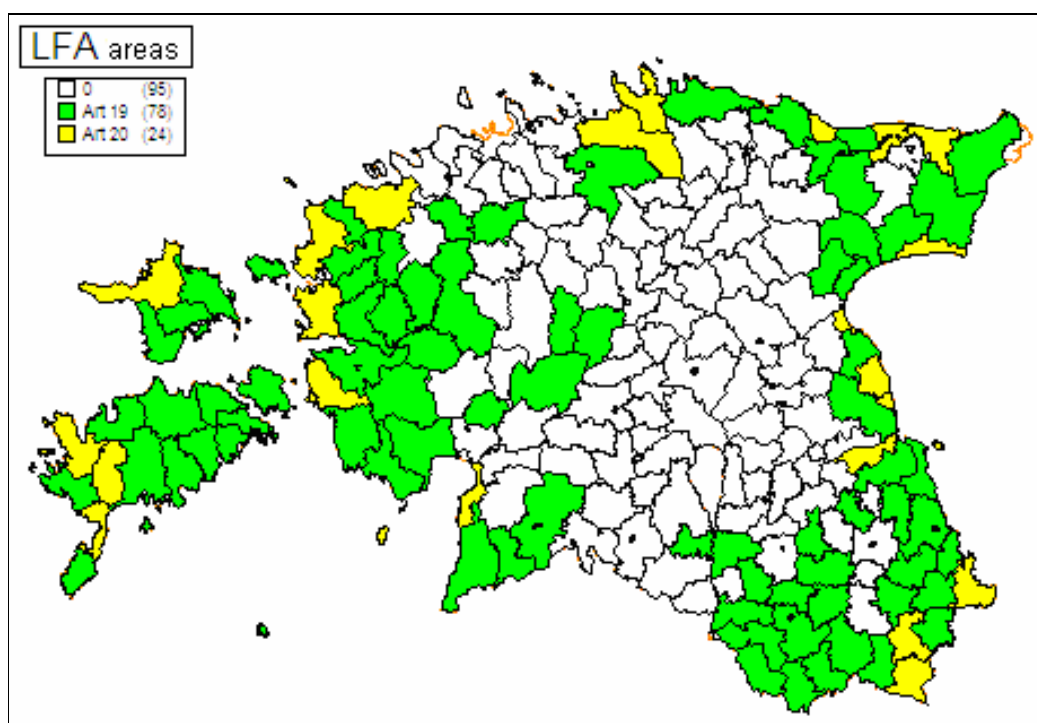
	Areas other than less-favoured areas	Mountain areas	Other less-favoured areas	Specific less-favoured areas
Estonia	50,16	0,0	40,3 (1257/99, Art 19)	9,54 (1257/99, Art 20)
Latvia	27,3	0,0	72,7	0,0
Lithuania	56,3	0,0	42,9	0,8
Finland	0,0	52,2	21,4	26,5
EU-25	44,6	16,3	35,6	3,2
EU-15	51,6	4,8	36,4	5,3

Source: EUROSTAT FSS /EE, LV and LT 2003/.

The height limit for a mountain area is 1000 m, but the altitude of the highest point of Estonia is 318 m. Thus, no support for mountain areas is implemented.

All the three indicators of Article 19 of Council Regulation (EC) No 1257/1999 (land of poor productivity, difficult cultivation and with a limited potential which cannot be increased except at excessive cost, and which is mainly suitable for extensive livestock farming; production which results from low productivity of the natural environment which is appreciably lower than the average, with regard to the main indices of economic performance in agriculture; a low or dwindling population predominantly dependent on agricultural activity, the accelerated decline of which would jeopardise the viability of the area concerned and its continued habitation) are active together in 77 rural municipalities, of the total area of 1 823 000 ha (40,3% of the total area of Estonia).

Map 3. LFA coverage in Estonia



The specific less-favoured areas (Article 20) may include up to 10% of the total area of a Member State. This category includes the rural municipalities located on islands, the rural municipalities bordering on the sea and the rural municipalities bordering on the eastern border of Estonia, mainly on the coast of Lake Peipsi.

In less-favoured areas, economic indicators are lower particularly in case of milk and mixed producers, as compared with the regions with normal production conditions. Main differences concern both total production and net value added per one hectare of agricultural land and the size of agricultural land used by an enterprise. In-depth estimate of the impact of the LFA support can be given after the ERDP ex post evaluation.

Biological (incl. genetic) and landscape diversity

Landscape diversity and valuable habitats

In comparison with the other areas north of the 57th parallel, as for their diversity the Estonian fauna and flora are among the richest in the world.

Before 2004, 12% of the inland territory of Estonia was covered by nature conservation restrictions and 4% was added by Natura 2000 network areas. Maintained assets which have high value in terms of nature conservation, are of big importance for the development of rural tourism.

Thanks to long-time agricultural activities and in particular to mowing and grazing, valuable semi-natural habitats have developed, considering their value in terms of biological diversity and cultural heritage.

Table 16. Changes in the area of semi-natural habitats of Estonia, ha

Type of habitat	1950s	2000
Wooded meadows	800 000	1500
Alvars	44 000	9000
Flooded meadows	100 000	15 000
Wooded pastures	200 000	3000

The inventory of habitats has indicated that the considerable decrease in the area of meadow habitats has been caused by the disappearance of traditional agricultural methods such as mowing and moderate grazing. Partly, moderate grazing is also related to traditional small farms and raising of local and indigenous breeds. Due to the reduction of agricultural activity, the former permanently attended areas may become overgrown with weeds and shrubs and turn into woods in the long run. In 2001 the area of agricultural land left out of use was 73 961 ha, in 2003 – 60 025 ha and in 2005 – 45 647 ha.

Since 2001, nature conservation support administered by the Ministry of the Environment has been paid for the restoration and maintenance of semi-natural habitats.

Biological and landscape diversity are connected closely. Diversified landscape is a precondition for the abundance of habitats and thus also the abundance of species. The main agricultural landscape features are hedgerows, piles of stones, groups of trees, single trees and stonewalls. The establishment of stonewalls is supported under the ERDP 2004–2006. However, large-scale farming with its large land parcels has impoverished the general picture of agricultural landscapes and in many areas destroyed the traditional landscape patterns.

Weed infestation of shores may cause additional economic damage to agricultural producers, as for the need of ordinary feeding places, birds go to feed in the fields with the crop just up. Coastal meadows are suitable for cattle (in particular, unpretentious beef cattle) grazing.

Under the ERDP 2004–2006, support for afforestation of agricultural lands unsuitable for agricultural production and out of use was applied, in order to contribute to the maintenance of landscape diversity and to the reasonable use of inferior (soil quality rating up to 35 evaluation points) agricultural lands. Under the given support scheme, a total of about 3000 ha of agricultural land was afforested within 2005–2006. The objective of this measure was to contribute to the formation of valuable forest typical of Estonia. The measure does not have any direct environment improving impact but thanks to the measure, the diversity of landscapes and the quality of forest resources will improve in time.

According to the Estonian Red Book there are more than 1300 endangered bird species in Estonia, out of which 50 species are directly related to farmland and 170 to semi-natural habitats. There are ongoing several monitoring programs on bird monitoring in Estonia, like monitoring of midwinter waterfowl census, monitoring of raptors and owls in permanent plots, monitoring of populations of eagles and black storks, monitoring of woodpeckers, monitoring of forestbird populations (point counts), monitoring of bird populations of coastal

meadows and bogs (line transects). Monitoring system of forest and agricultural bird communities will be renewed by Ministry of the Environment during this winter, and will be implemented in the next field season in the frames of Estonian biodiversity monitoring scheme.

Genetic and population diversity

In agriculture, genetic diversity is related to plant and animal breeding. Most Estonian fruit and berry varieties were bred in the 20th century. In Estonia, there are two approved indigenous animal breeds – Estonian native horse and Estonian native cattle. Within centuries, those breeds have adjusted themselves to local flora and climate, being a part of our cultural heritage. Both indigenous breeds and local breeds – Tori horse, Estonian heavy draught and Estonian quail have been designated as endangered breeds as their numbers have decreased considerably. In Estonia, there are also several unique endangered varieties, valuable for their genetic and population diversity.

During the last decade, the number of Estonian native cattle was preserved thanks to the application of support payments. The number of Estonian native horses has even increased due to their active use for riding and farm tourism. To preserve cultural heritage and genetic diversity, it is significant to continue support payments for keeping endangered breeds until the increase in their numbers and until the reduced risk of their extinction. At present, there are about 950 pure-bred Estonian native horses (about 450 mares), 450 Tori horses (about 330 mares), 80 Estonian heavy draughts (about 60 mares) and 700 heads of Estonian native cattle (about 500 cows) in Estonia.

Natura 2000 network

Natura 2000 is the EU network of protected areas, of which the objective is to ensure or restore favourable conservation status for the EU endangered plant and animal species and habitat types. Natura 2000 is based on two directives. Special Protection Areas (SPA) are selected according to Council Directive 79/409/EEC on the conservation of wild birds, and proposed Sites of Community Importance (pSCI) are selected according to Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora. Natura 2000 network is the main instrument for the assurance of the attainment of the objective to stop the destruction of biological diversity in Europe by 2010.

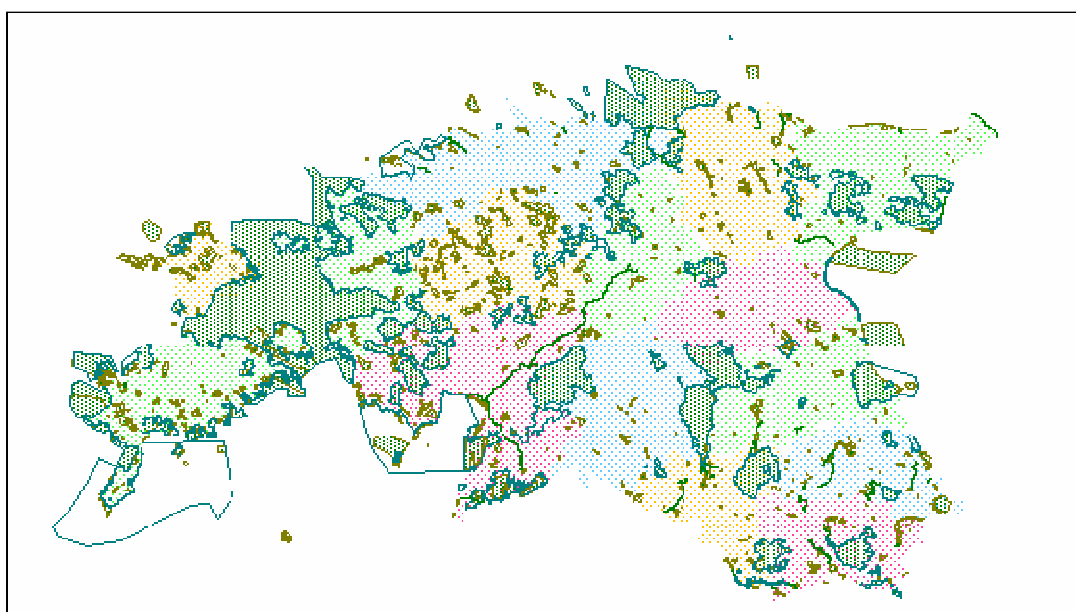
There are a total of 1 422 500 ha of Natura 2000 areas in Estonia, from which 692 000 of Natura 2000 areas are on mainland, this makes up 16% of the total area of Estonia. Of this, there are 55 000 ha of agricultural lands (8%) and 77 000 ha of private forests. The share of forests located in Natura 2000 network areas is 20,8% of the total forests of Estonia.

As the establishment of Natura areas is based on directives obligatory for the Member States but as the Member States may decide upon the methods (legal act, regulation of the government, etc.) to ensure their implementation, Natura 2000 areas are protected by the state under the Nature Conservation Act as protected areas, special conservation areas or species protection sites. Protected areas and special conservation areas are placed under protection with a regulation of the Government of the Republic, species protection sites with the regulation of the minister of the environment. For protected areas and species protection sites, protection rules, including the restrictions valid in those areas by zones, are established with a regulation. The restrictions valid in special conservation areas have been provided in the Nature Conservation Act. On agricultural land, restrictions may concern the construction and reconstruction of land improvement systems, fertilization and the use of pesticides and biocides, on forest land, restrictions may concern forest management and the construction and reconstruction of land improvement systems. Within six months after placing an area under protection, the land owner will receive the protection obligation notice, including the

restrictions valid on owner's land unit. Regarding management practice, persons are informed on information days, by media and free printed matter (incl. "Assistance for applicant"). In case of the support for the maintenance of semi-natural habitats, applicants will receive a separate continuation sheet with guidelines for the maintenance of habitats.

The restrictions resulting from the natural objects protection procedure are partly compensated to the land owners by lower land tax. The various tax exemptions of 25%, 50%, 75% or 100% of tax rate proceed from the specific character of the protection procedure established in protected areas and special conservation areas and from the level of restrictions provided for economic activities. According to the data of the environmental register, there are (as of 1 July 2007) 407 protected areas (incl. 5 national parks), 543 parks and forest stands, 343 special conservation areas, 869 species protection sites, 2 natural objects protected by a local government and 1194 single natural protected objects in Estonia.

Map 4. Natura 2000 network areas



There are 66 Natura 2000 network SPAs and 509 Natura 2000 network pSCIs in Estonia (see map 4). As most of the SPAs and pSCIs overlap either partly or fully, the total area covered by them is 1 482 275 ha. According to the estimate of the Ministry of the Environment, Natura 2000 areas should primarily be regarded as Estonian areas of high nature value. As the statistical information related to the areas of high nature value should be submitted to the European Environment Agency in 2010, the more precise designation of areas will take place in the coming years.

Table 17. Natura 2000 network areas, 2005, (%)

	% of the territory
Estonia	16,0
Latvia	11,0
Lithuania	7,1
Finland	13,9
EU-25	13,2
EU-15	13,2

Source: DG ENV.

Forests under protection

Forest is one of the prevailing ecosystems of our nature and forestry is one of the most important sectors of the economy affecting the diversity of our nature. In Estonian forests, there are more than 10 000 species of invertebrates (mainly insects), more than 2500 fungus species, hundreds of moss species, approximately 500 lichen species, more than 450 vascular plant species, and approximately 150 species of vertebrates. The forest policy of Estonia acknowledges the high natural and ecological value of Estonian forests, which is protected in conformity with international resolutions and conventions ratified in Estonia.

As of the beginning of 2006, the share of strictly protected forests is 7,5% of the total forest area. Forests are strictly protected in strict nature reserve, in special management zone, in species protection site and in key biotopes located on state lands. However, the share of strictly protected forests is not sufficient to ensure the preservation of viable populations of all Estonian wild forest types and their sites.

According to the relevant data of 2004, there are 705 700 ha of protected forests and protection forests in Estonia. Soil and water protection forests make up 6,8% of the total forest land of Estonia. According to the relevant data of 2004, water protection forests make up 14,1% (99 400 ha) of all protected forests and protection forests. This is 4,3% of the total forest land of Estonia. According to the relevant data of 2004, the total area of the soil protection forests is 8,1% (56,9 thousand ha) of the total area of all protected forests and protection forests, and this makes up 2,5% of the total forest land of Estonia.

Forest health and protection

In 2004, forest damage was registered on 11 181 ha. Root rot (33%), storms (27,5%) and game (20,6%) were the main reasons of the deterioration of forests. In addition to the above mentioned forest damages, there have been problems with unfavourable water regime in different years, and in 2004, after 20 years of pause, extensive damages caused by *Calliteara pudibunda* were registered again.

On the other hand, it is impossible to say exactly, what negative factors have affected forest health the most, because, for example, in 2003 and 2004 the main cause of damage was root rot, but in 2001, 2002 and 2005 most damage was caused by storms, and in 2006, drought and the resulting forest fires were significant negative factors.

Restoration of damaged forests, their protection and the implementation of relevant preventive actions against forest damages are of great importance for the EU and from year to year more attention is given to the efforts made by the Member States to improve forest protection and to avoid damages.

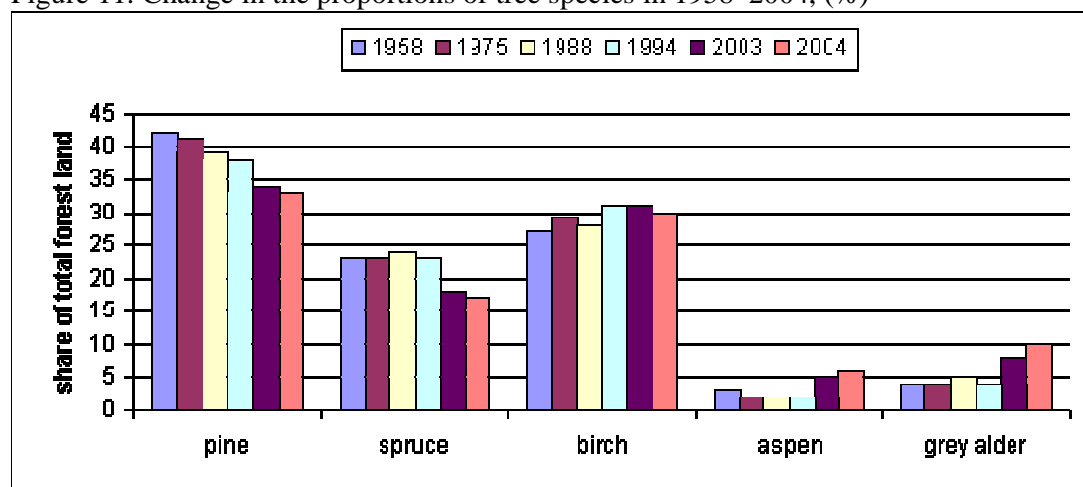
The same also applies to Estonia. Through the Centre of Forest Protection and Silviculture, active participation is taken in the national programmes of the European Forest Monitoring. Within the framework of those programmes, the relevant annual observations and research are conducted, in order to improve forest protection and the implementation of preventive measures.

The population diversity of forests is also changing. In Estonia, the share of coniferous forests is decreasing: coniferous forest stands make up 63% of the cut forest stands but only 24% of these have been renewed by conifers. Due to those developments, the distribution of species has become relatively homogenous, compared to the 1950s – coniferous forests make up 33,4%, broadleaved forests 26,3% and mixed forests 40,3% of forests. The share of aspen and grey alder has increased the most among broadleaved forest stands. The share of coniferous forest stands has decreased from the level of 65% in 1958 to the level of 52% in 2000 and to

the level of 33% in 2004. At the same time, the share of conifers is more than 50% and the share of broadleaved trees is more than 30% in EU-25.

Taking into account both the global changes (incl. the climate) and the changes in Estonian forests, it can be said that a situation has occurred where there are already 401 endangered species in Estonian forests, and any further change in the proportions of tree species, inexpedient drainage of forest lands and further decrease in the share of rot wood in forest management may bring about the extinction of those species in the near future.

Figure 11. Change in the proportions of tree species in 1958–2004, (%)



Source: Annual journal “Forest”, 2005.

Forest fires

Considering the frequency of forest fires, Estonian forests are classified as areas of high, medium and low fire hazard. Of fire hazard categories, Harju, Ida-Viru and Põlva counties are the areas of high hazard, making up 24% of the total forest area. Lääne-Viru, Pärnu, Tartu, Võru, Lääne and Valga counties (39%) are the areas of medium hazard, while Hiiu, Jõgeva, Järva, Rapla, Saare and Viljandi counties (37%) are the areas of low fire hazard.

The tasks related to the prevention of forest fires are divided among different institutions in Estonia. Putting out of forest fires and the administration of forest fire information system are the responsibility of the Rescue Board. Institutions of the Ministry of the Environment administrate preventive forest fire protection measures and monitoring. In most cases (more than 52%), forest fires are caused directly or indirectly by people: neglect in making bonfires and in smoking, burning of dried grass, etc. In 2004, 12% of forest fires were caused by deliberately started fire. The rate of forest fires caused by natural factors (e.g. lightning) is low in Estonia – only 1–2%.

The number of fires and burnt areas fluctuate year by year (in 1998 – 54 ha; in 1999 – 1103,4 ha; in 2000 – 683,8 ha; in 2001 – 61,8 ha; in 2002 – 2081,7 ha; in 2003 – 206,6 ha; in 2004 – 378,9 ha), but the average area has not exceeded 10 ha as a rule in the last five years. The largest forest fire of 2004 took place in Rapla County, where together with the surface fire a total of 124,7 ha of forest was burning, of which the middle-aged, ripening and ripe forest made up 59,1 ha. There were a total of 6 fires with the area of more than 10 ha.

The summer drought of 2006 brought about the burning of nearly 1000 ha of private forest, which is three to four times more than in the previous years.

Water

Water quality

The annual surface water resource of Estonia is about 7040 m³ per person. According to biological oxygen demand (BOD7) and oxygen content, the condition of our rivers may be regarded as good or very good. Excess nutrient (particularly phosphorus) content is the main problem of Estonian rivers.

Estonian water bodies are affected by the nutrients from domestic pollution; diffuse source pollution generated by food and light industry and agriculture. In Northern and North-Eastern Estonia the impact of wastewater of the large-scale industry is added, which presents a serious risk to the coastal waters. The state of water bodies depends directly on the efficiency of the purification of wastewater and the protective measures applied in agriculture. In last decade essential changes have taken place in Estonia: economic decline, changes in industry management and domestic water consumption have brought along decrease of pressure on water resources, which has had favorable effect on rivers, lakes and sea.

In 1970-s and 1980-s the lakes in Estonia were strongly affected by fertilizers and farm sewage waters, which caused rapid eutrophication. In the beginning of 1990-s, after the collapse of the system of collective farming and the decline in the agricultural production, the state of lakes (especially smaller lakes) started to improve. Eutrophication was slower and the nitrogen content in the water of lakes decreased. Due to the improvement of economic situation it is expected that the use of fertilizers and plant protection products will rise but still staying considerably lower than the EU average. In Estonia the requirements concerning nitrate-vulnerable area have been imposed by the Water Act and the secondary legislation established on the basis thereof. For example, the requirement of the Nitrates Directive that it is allowed to apply up to 170 kg of N with manure per year on a hectare applies to the whole Estonian territory, not only to the nitrate-vulnerable area. In addition to requirements the action plan for the nitrate-vulnerable area serves as a basis for the activities of the state regarding the protection of nitrate-vulnerable areas.

In Estonia, groundwater mainly lies in five aquifers, of which the top layer is for the most part insufficiently protected. The total groundwater volume in the earth is approximately 2000 km³.

In the Estonian natural, low density and extensively used regions, the condition of groundwater is good. The condition of the top layer of groundwater near the surface is bad in the vicinity of point source pollution (farms, manure storage facilities, dunghills in fields, silage storage facilities) and in the areas of intensive production, where the surface layer is thin and the groundwater recharge is unfavourable (e.g. Adavere-Põltsamaa region). In this region, the average nitrate concentration is lower than 50 mg/l, but in problematic wells, water is unfit for oral consumption because of nitrates.

Regulation No 17 of the Government of the Republic, 21 January 2003, establishes the Pandivere and Adavere-Põltsamaa nitrate-vulnerable area, of which the total area is 3250 km², i.e. 7,66% of the total mainland of Estonia. Limits to restrictions in the surroundings of springs and sinkholes and in the areas of unprotected groundwater were also established by the Regulation. The two areas differ in their natural conditions.

- Pandivere heights – 2382 km²;
- Adavere-Põltsamaa area in the plain of Central Estonia – 667 km².

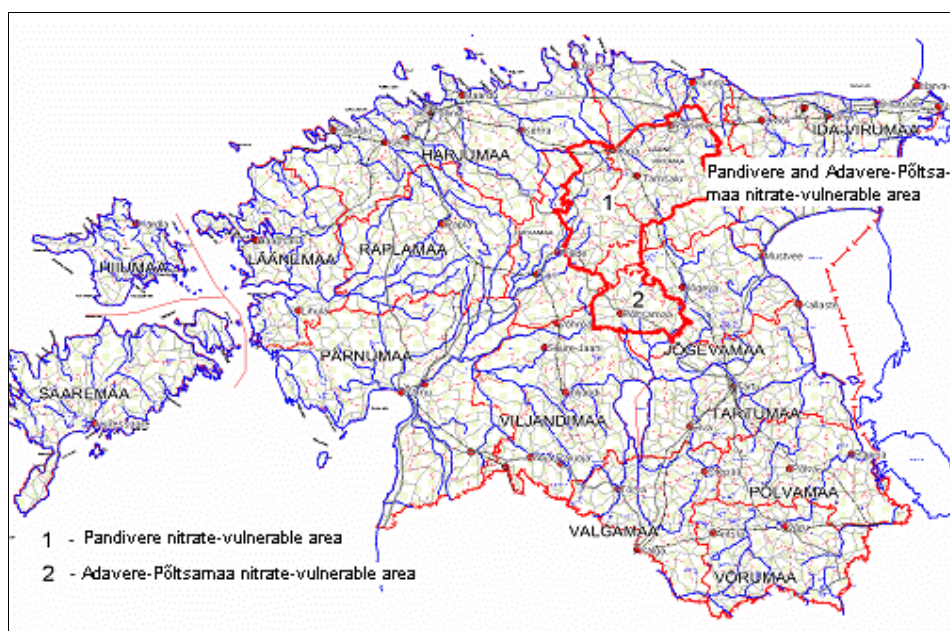
Those two areas are separated from each other by an intermediate zone, Endla bog system, which covers 201 km².

For the whole Estonia, Pandivere is an important groundwater area. The plain of Central Estonia is a local groundwater area and a transit and outlet area. According to the monitoring data of 2005, groundwater condition is generally good in the Pandivere area, regarding nitrogen compounds. In groundwater near the surface, the average nitrate ion content is

15...20 mg/l at present. In the Adavere-Põltsamaa area, there are some wells, of which the nitrate ion content exceeds the permitted limit.

The most fertile soils of Estonia are located in the nitrate-vulnerable area. This makes agricultural production complicated there. Therefore, compared with the average of Estonia, land use is 50% more intensive in this area. The same can be said about livestock farming – 35% of cattle, 30% of pigs and 12,5% of poultry are raised in nitrate-vulnerable area. The cultivated areas of nitrate-vulnerable area total to 1190 km².

Map 5. Nitrate-vulnerable areas



Water use

Records on water resources and their condition are maintained. National register of water resources (water cadastre) is maintained and national monitoring data are used for the assessment of the condition of water resources.

In Estonia, public use of water bodies is usually free, but special use of water is for pay. Water user is obliged to avoid water pollution and to use water economically. In case of special use, water user must have a permit for the special use of water, maintain records on the quality and characteristics of used water and waste water and organize monitoring.

By now, the irrigation systems used in agriculture and horticulture have mostly depreciated and fallen out of use. Surface water is mainly used in sprinkler irrigation systems. Under Water Act, permit for the special use of water is required if more than 30 m³ of surface water and more than 5 m³ of groundwater is used daily.

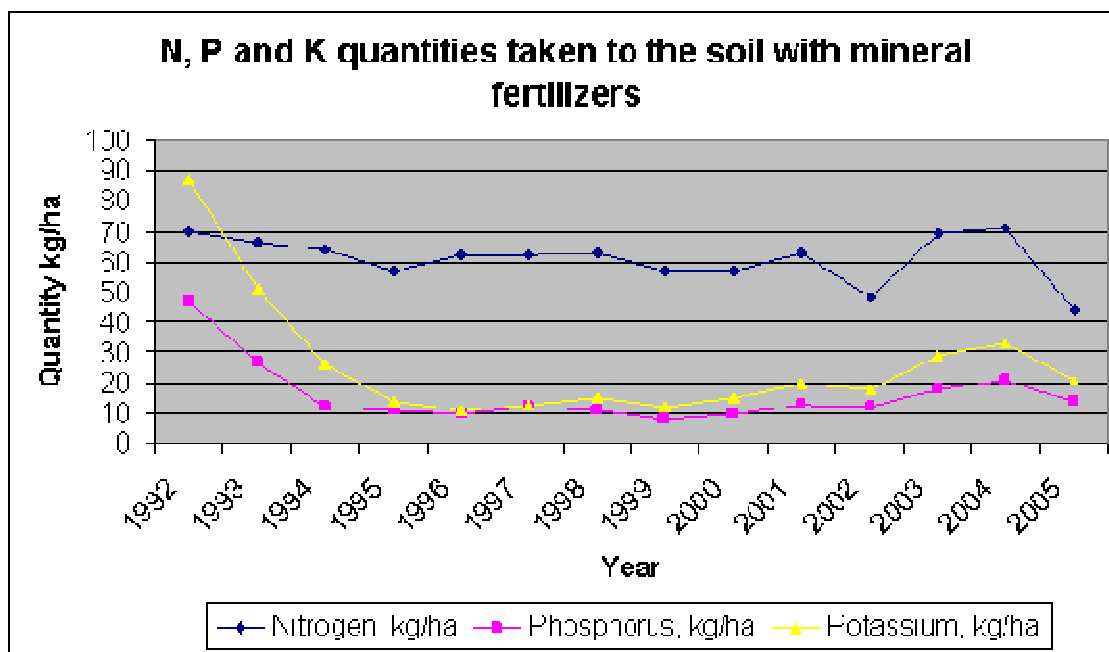
In profit yielding land, there are about 1400 ha of working sprinkler irrigation systems. Irrigated agricultural land makes up only 0,18% and drained land 50% of the total area of agricultural land.

Use of fertilizers and plant protection products

In the assessment of diffuse source pressures, the presumption that diffuse pollution is the most important endangering factor for water bodies has been considered. In Estonia, there are 77 water bodies endangered by diffuse sources of pollution. In 2000, 44850 t of nitrogen and 541,3 t of phosphorus originated from diffuse pollution.

In comparison with the year 1992, the use of fertilizers has considerably fallen. If in 1992 70 kg of nitrogen, 47 kg of phosphorus and 87 kg of potassium per hectare a year was taken to the soil with mineral fertilizers, in 2005, the respective figures were 44, 14 ja 21 kg ha/y. In 2003 and 2004, the use of nitrogen fertilizers remained on the same level, as compared with the year 1992.

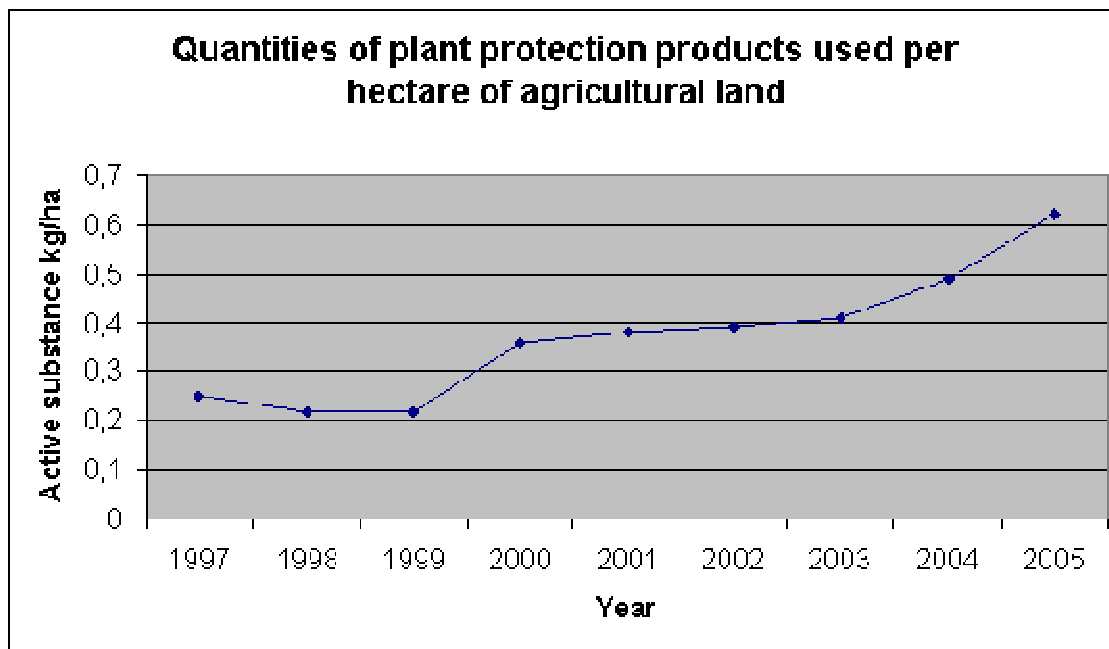
Figure 12. N, P and K quantities taken to the soil with mineral fertilizers in 1992–2005



Source: Statistics Estonia

In recent years, the use of plant protection products has increased in Estonia, being 0,62 kg/ha (active substance) in 2005.

Figure 13. Quantities of plant protection products used per one hectare of agricultural land in 1997–2005



Source: Statistics Estonia

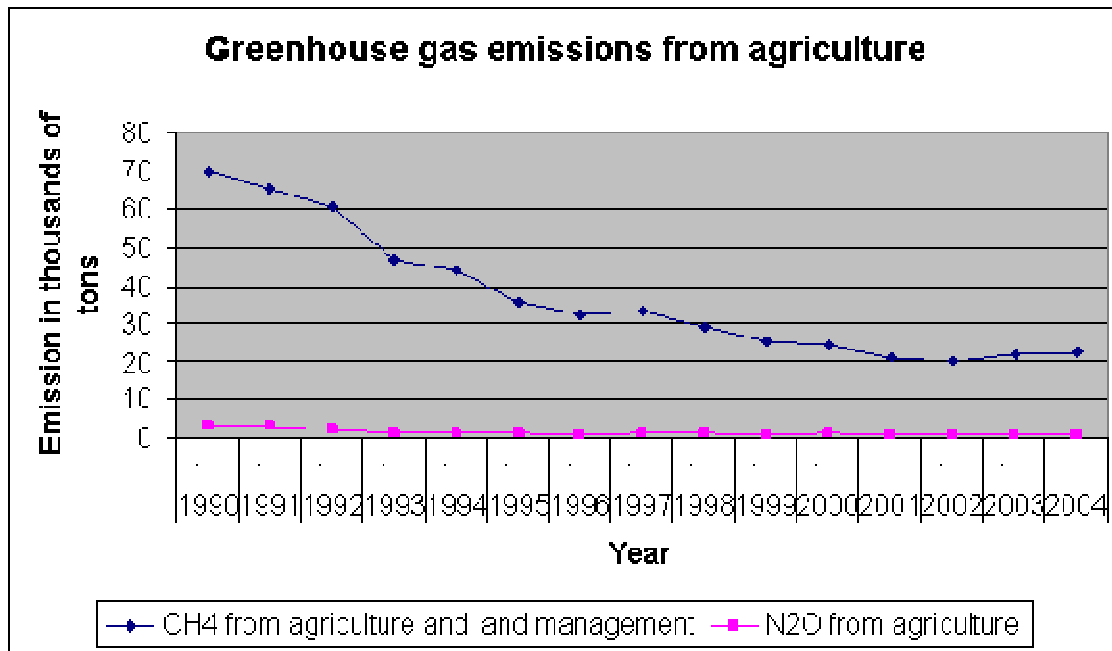
Air, climate change and bioenergy

In Estonia, energy, means of transport and agriculture to a smaller extent are the main air polluters. In recent years, emissions of pollutants into ambient air, including greenhouse gas emissions from agriculture, have decreased a lot. According to the Kyoto convention reporting, agricultural contaminants (particularly nitrous oxide, taken to the environment with the use of nitrogen fertilizers) make up about 6% of greenhouse gas emissions in Estonia. In 2002, greenhouse gas emissions from agriculture totalled to 702 Gg CO₂ eq, the relevant EU-15 indicator of the same year was 416 413,48 Gg CO₂ eq.

Of nitrogen compounds, nitrogen oxides (N₂O, NO, NO₂) and ammonia (NH₃) are the main atmosphere polluters. In Estonia, NH₃ emissions into air, originating from stock-farming, make up a bit less than 70% of total emissions. Emissions have decreased from the 27 000 t of 1990 to about 9600 t in 2000, in particular this was caused by the reduced number of animals. The implementation of the measure of meeting standards also has positive impact on the decrease in nitrogen compounds. Still, the share of N₂O emission from agriculture makes up the majority of the total N₂O emission (the rest originates from fuel burning). The repair of manure storage facilities often brought about the improvement of manure handling and the need to keep manure in dunghills in the fields was also reduced. National legislation provides the requirement to cover liquid manure storage facilities to avoid ammonia volatilization. Taking into account the growing importance of the subject of climate change in the context of agriculture, Estonia is the only country which has established the obligation of integrated environmental permit and the best available techniques (stemming from Council Directive 96/61/EC, concerning integrated pollution prevention and control) for bigger stock farms in addition to pig and poultry farms.

The methane (CH₄) emission from agriculture has decreased over three times during the period 1990–2004. This is a result of the decrease in the number of farm animals of almost three times. The methane emission from agriculture makes about 30% of the total methane emission (the rest is from fuel burning and waste processing).

Figure 14. Greenhouse gas emissions from agriculture in 1990–2004



Source: Statistics Estonia

Government Regulation No 299 proceeds from the National Ceiling Directive. The emission limit values of sulphur dioxide, nitrogen oxides, volatile organic compounds and ammonia released by stationary and mobile sources of pollution and terms for reaching such values by year 2010 are established. Until the year 2010, there is theoretically no need to reduce the NH₃ emissions in Estonia, as the established national emission ceiling for 2010 is 29 000 tons. Ida-Viru county is still problematic due to the big industrial enterprises located there as well as the big transport terminals of the cities due to the big number of cars. In 2006, the SO₂, NO₂ and CO limit values were not exceeded.

In 2005, renewable energy made up 1,3% of gross electricity energy consumption. In 2005, almost a half (48,7%) of renewable energy was generated from wind. As of 2005, agriculture consumed 3,7% of the final consumption of energy.

Long-term trends of climate change are more and more shaping agriculture and forestry models. In the development of renewable energy raw materials, agriculture and forestry are regarded as most important.

The importance of forests as CO₂ binders and air cleaners is well-known. In the course of photosynthesis, CO₂ is bound and oxygen emission takes place. The change of land use (incl. afforestation of agricultural land) has a direct impact on carbon balance. At the same time, in young growing forests carbon binding is more intensive as those forests grow more quickly.

The share of Estonia in the production of renewable energy in agriculture (about 400 kton) and in forestry (606 kton) is small, compared with EU-25 (2424 kton and 53 996 kton respectively). The need for biomass is growing from year to year. 95% of the produced biomass is exported by Estonia. There is potential for the growth of biomass production in lands out of use in Estonia and with the implementation of rational support policy it will certainly find a realistic output. To attain the EU objectives – the share of renewable energy 12%, the market share of biofuels 5,75% by 2010 – the existing potential should be used better than so far.

“Fuel and energy sector long-term national development plan until 2015” determines the present situation of the energy sector, indicates the provisions of the Treaty of Accession, forecasts the developments of energy consumption, fixes the strategic development goals,

development principles and the amounts of necessary investments in the energy sector. It also describes the problems requiring further analysis and the duties of state supervision and regulation. In this development plan, the potential of renewable energy, biofuels and wind energy has been described. In addition, it has been said that within the planning period the competitiveness and share of solar energy will also increase.

The potential of wood and the activities of the sector have been reflected in “Estonian forestry development plan”. The objective of the development plan is to maximise in a sustainable way the contribution of forestry sector to national economy and to the welfare of the society. Indirectly, the development plan deals with the use of renewable energy sources, indicating that in coming years 2 million cubic metres of low quality timber a year will be produced in the course of forest management and there are no consumers for that timber at the moment. Logging waste as renewable and environmentally friendly fuel has not found sufficient usage either. It is important to find possibilities for more efficient use of low quality timber. For that, the analysis of the possibilities to increase the use of timber as an energy carrier have been foreseen under the “Fuel and energy sector long-term national development plan”.

Soil

Soil buffers the possible harmful effect of agriculture on aquatic environment. Much attention must be given to the maintenance of the organic matter content of soil in order to avoid the exhaustion of soil.

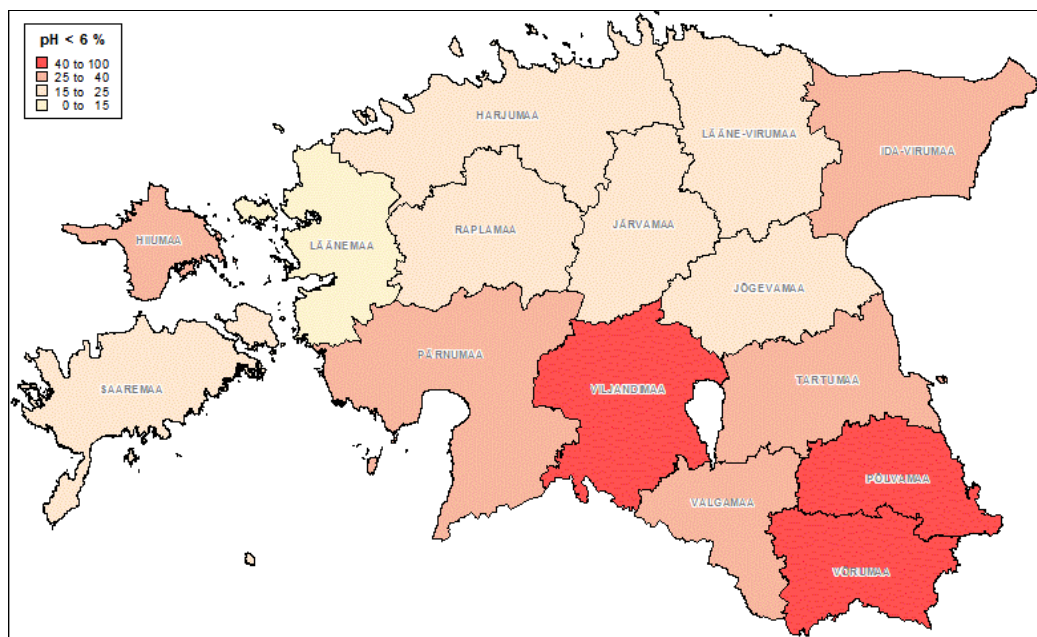
In expert opinion, the decrease in organic matter reserves and nutrient supply in soil is one of the main soil related problems, caused by the lack of classical crop rotation as well as of nutrient balance data and fertilisation plans, monoculture cultivation and the decrease in the use of solid manure. The use of organic farming methods and other environmentally friendly production methods makes it possible to solve the problem in the given areas.

Soil acidification is a problem which mainly occurs in Central and Southern Estonia. More than one third of Estonian agricultural land (more than 300 000 ha) is acid. The soil acidification process mainly resulting from rock type characteristics cannot be avoided as in Estonian climate calcium and magnesium carbonates leaching is an endless process. In Estonia, soil neutralization can maintain the favourable soil reaction level for plant growth and avoid the decrease in the quality of soils.

Table 18. Acidity of cultivated area

Liming round	pH _{KCl} structure, %					Acid soil %	Investigated area, thousand ha
	<4,5	4,5–5	5–5,5	5,5–6	>6		
1957–64	21,7	10,8	7,4	15	45,1	54,9	805
1965–69	7,5	12,1	14,1	16,6	49,7	50,3	953,9
1972–77	2,2	5,7	11,5	18,9	61,7	38,3	1023,2
1978–84	1,7	4,7	11,4	17,4	64,8	35,2	1067,8
1984–89	1,2	4,5	10,8	17,7	65,8	34,2	1081,6

Map 6. The share of acid soils (soil pH_{KCl} <6,0) in county area



Estonian traditional agriculture has always been inseparably related to the neutralisation of agricultural land. If according to the survey of 1957–1964 55% of agricultural land was acid, then the survey of 1984–1989 indicated that the share of acid land had fallen by 34% (table 18). This was attained by liming, of which the annual volume was 50 000–75 000 ha. In the 1990s, the volume of liming decreased abruptly (table 19), as a result of which the acidification of agricultural land started again. Though liming of arable land was partly supported in 1998–2003, 2005 and 2006, the low volume of liming could not stop reacidification. Therefore, liming should be made on at least 25 000–30 000 ha a year.

Table 19. Dynamics of liming

Limed areas			
Year	Limed area, ha	Year	Limed area, ha
1966	54 100	1987	62 120
1967	64 700	1988	59 480
1968	72 600	1989	51 670
1969	65 100	1990	27 200
1970	61 900	1991	25 080
1971	74 740	1992	5 840
1972	66 130	1993	150
1973	74 710	1994	4 840
1974	71 720	1995	4 960
1975	65 490	1996	3 780
1976	66 880	1997	4 830
1977	66 980	1998	16 965
1978	55 160	1999	17 716
1979	65 380	2000	13 473

1980	65 680	2001	14 720
1981	58 670	2002	13 731
1982	61 830	2003	13 120
1983	63 650	2004	0
1984	60 050	2005	11 168
1985	59 500	2006	10 440
1986	61 190		

According to the studies on erosion conducted by the Agricultural Research Centre the share of eroded soils is very small in Estonia. Eroded soils and the soils involving the risk of erosion make up only 3,1% of total arable land in Estonia (17% in EU-25). It is mainly the case of water erosion, wind erosion is even more marginal. The soils involving the risk of erosion make up 0,11 t/ha/a year (EU-25 – 1,64, EU-15 – 1,94).

Map 7. Areas sensitive to water erosion



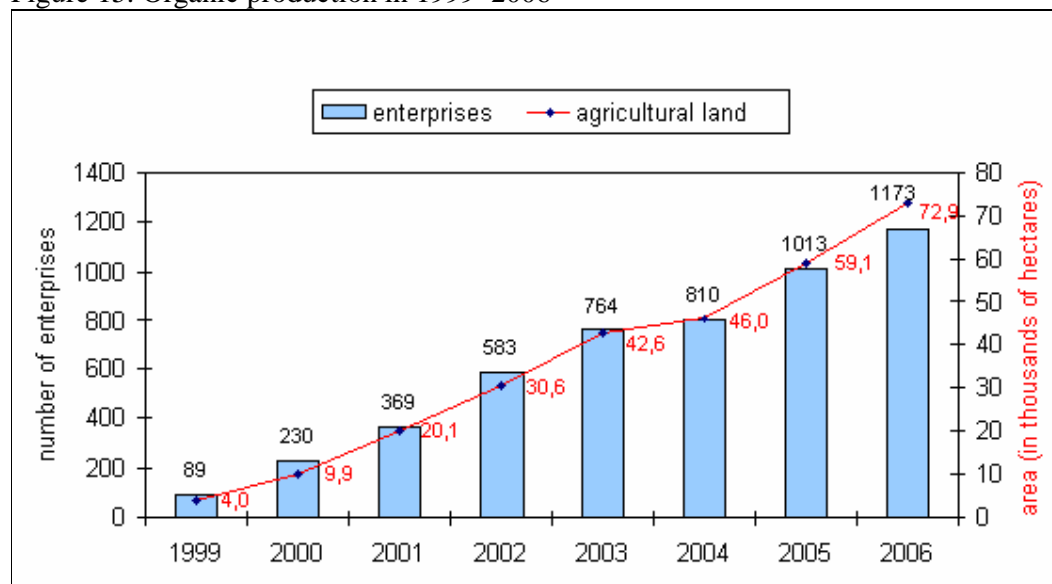
Of former fields, just strongly eroded fields on steep slopes have been left to lie fallow. Due to their fall out of cultivated area, the share of strongly eroded soils has decreased a lot. Problems have been caused by the fact that in Otepää and Haanja uplands, which is the main zone of the occurrence of eroded soils, fields have been cultivated in the same way as elsewhere in Estonia. The afforestation of areas sensitive to erosion and the establishment of permanent grasslands are the possible measures to prevent erosion.

Organic farming

The year 1989, which is the year of the establishment of the Estonian Biodynamic Association (the EBA), is regarded as the beginning of organised organic farming in Estonia. In co-operation with foreign experts, the EBA developed Estonian standards for organic farming and was engaged in the inspection of producers.

Organic farming was given more attention in 1997 with the passage of the first Organic Farming Act and with the introduction of the term “organic farming” and of the state organic label. Considering the results of the expert analysis on organic farming made by the EU experts and the needs discovered in the implementation of the Act, the Organic Farming Act has been amended several times. The present Organic Farming Act is in force since 1 January 2007. Estonia follows the minimum requirements for organic farming proceeding from Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs, which is directly applicable. The Organic Farming Act only provides the requirements, which according to the EU legislation may or must be established by Member States themselves. Since 1999, organic farming has developed rapidly, as for the number of enterprises and the area of land. By the end of 2006, 1173 organic producers with more than 70 000 ha of agricultural land, of which grasslands made up more than 80%, had been entered in the register of organic farming. In 2006, cereals were grown on 8520 ha, potatoes on 241 ha and industrial crops on 312 ha. Fruit and berry plantation covered 1145 ha. The importance of other crops was smaller.

Figure 15. Organic production in 1999–2006



Organic livestock production has also grown rather quickly in last years. On organic farms, the most common animals are cattle and sheep (in 2006, 14 255 head of cattle, of which 3230 cows, and 20 723 sheep).

Table 20. Organic livestock farming in 2001–2006

Year	Number of organic enterprises, of which the enterprises active in organic livestock	Cattle	Sheep, goats	Pigs	Poultry	Horses	Bees (the number of colonies)

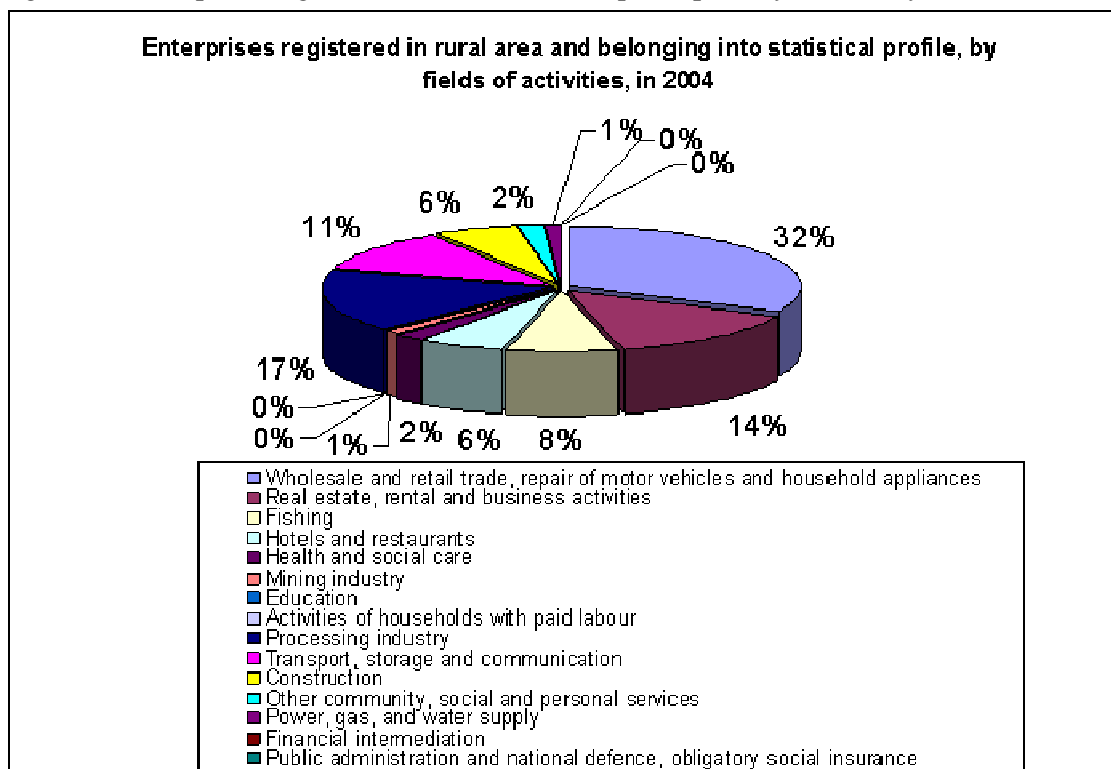
	production						
2001	369/97	3365	934	124	836	63	196
2002	583/137	4392	1919	218	1375	265	333
2003	764/308	7900	6000	450	3300	570	320
2004	810/459	10 111	11 201	398	4908	946	394
2005	1013/638	11 916	17 182	348	5704	1309	333
2006	1173/727	14 255	21 281	434	5037	1410	331

3.1.4 RURAL ECONOMY AND QUALITY OF LIFE

Rural enterprise

The development of rural area is mostly influenced by low population concentration and persistent decrease in the share of agriculture in enterprise. By now, the share of agriculture in the structure of rural enterprise has decreased to approximately 50%. More machine power is used in agriculture, therefore many people have had to find occupation elsewhere. At the same time, the jobs created in the secondary and tertiary sectors have compensated for less than one third (28,9%). Therefore, in the rural areas, employment rate is lower than in cities and the number of employed has also decreased. Of statistical indicators, only falling unemployment rate is positive (7,0%) in rural area. At the same time, the small number of suitable jobs and unemployment are problems in rural area.

Figure 16. Enterprises registered in rural area (except the primary sector), by fields of activity



Source: Commercial Register.

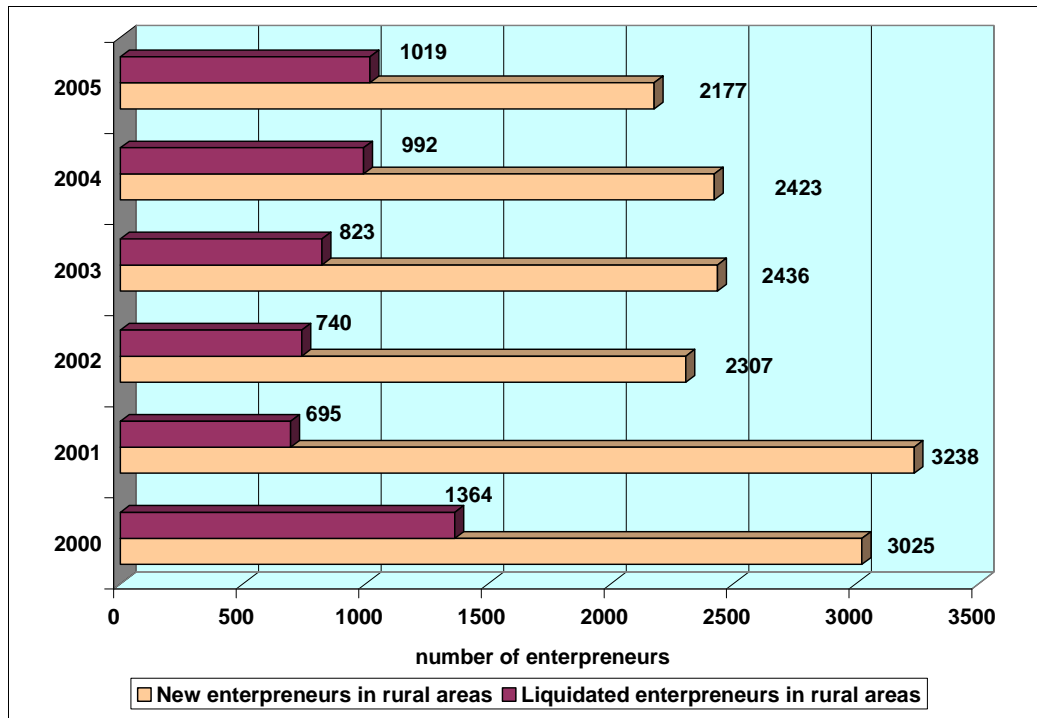
32% of the rural enterprises outside the primary sector are active in wholesale and retail trade and the repair of motor vehicles and household appliances. A half of the enterprises are active in the following fields: processing industry (17%), real estate, rental and business activities

(14%), transport, storage and communication (11%) and fishing (8%). Construction and hotel services are each making up 6%, other community, social and personal services and health and social care make up 2% each, and the shares of power, gas and water supply and mining industry are both 1%. All the other fields of activity, i.e. financial intermediation, education, public administration and national defence, obligatory social insurance, and activities of households with paid labour are represented by approximately 0%.

The diversity of enterprise, measured by the number of companies and sole proprietors registered in the territory of local governments, and the fields of activity represented by state and local authorities, also characterises the activity of enterprise in rural municipalities. Here, big difference between rural municipalities and towns can be noticed. In comparison with the average of Estonia (19,9 fields of activity), there is big difference between the average of a rural municipality (17,8) and a city (30,4). In comparison with the average of Estonia (52 enterprises per one thousand inhabitants), there is also big difference between the respective indicators of a rural municipality (32) and a city (61). As for rural municipalities, rural municipalities around Tallinn dominate. In remote areas far from big roads, the number of fields of activity is rather small and limited to public services and some companies. Thus, in most rural areas enterprise is of quite a small range and it is rather difficult to find a suitable job there.

In case of enterprises active in rural area, the decrease in their number indicates the danger that the number of liquidated enterprises grows more rapidly than the number of established enterprises (in particular, regarding agricultural holdings). 3–5 years are usually critical for a rural enterprise. The less competitive salary fund (wage level about one fifth lower than in cities) also has its impact on entrepreneurs who have difficulties with the recruitment and keeping of skilled labour. It is well expressed in the comparison of the results of the Estonian labour surveys. If in 1998 30,2% of the employed rural inhabitants worked in cities and 62% in the same rural municipality, in 2004, the respective figures were 38,5% and 50,7%. The share of rural people working in another rural municipality has increased from 7,6% to 9,8%. Due to the above mentioned reasons, students do not wish to return to the country after their studies.

Figure 17. The number of established and liquidated enterprises in 2000–2005



The survey “Need for support in the sector of rural enterprise” indicated that micro-enterprises have the biggest potential for the creation of suitable jobs as 7,9% of micro-enterprises have become small scale enterprises. A bigger part of small scale enterprises (17,9%) have reduced the number of jobs and only 3,9% of those enterprises have moved on to the next size group. Of medium-sized enterprises, 19,9% have fallen to the level of a small scale enterprise as for the number of employees.

Considering the low competitiveness of agricultural producers and lack of enterprise promotion plans, the existence of ancillary activities, which enable to manage risk, to earn additional income and to move over into another field of activity, if necessary, is important. Of the approximately 37 000 agricultural holdings, 2746 holdings receive income from non-agricultural activities. They make up 7,5% of all agricultural holdings. The EU-25 respective indicator is about 10 percentage points higher (17%). Therefore, it is important to give more attention to the diversification of agricultural holdings, particularly in less-favoured areas. As 82,7% of people are employed in secondary and tertiary sectors in rural area (92,4% throughout Estonia, 94,9% in EU-25), those sectors have the biggest potential as regards the creation of new jobs. By the promotion of tertiary sector it is possible to alleviate the problem of the outflow of services from rural areas. At present, 66% of value added is already created in services sector.

Due to the changes, which have taken place in agriculture within the last decades, there are many buildings in rural area, which are unoccupied, undercharged and without purpose. To save resources, it would be important to find those buildings a new function either in production and services or as residential buildings. In particular, this provides an opportunity to find a solution to the scarcity of jobs caused by low density area, concentrating on traditional village structure and promoting settling down in the country. Modernisation of those buildings and finding new purpose and additional functions for their use create an opportunity for the improvement of the quality of life and help to increase the competitiveness of rural undertakings in the recruitment of new employees.

On the opinion of entrepreneurs, lack of qualified labour impedes employment most of all. If employees are ready to move away from their home regions in order to find (better)

employment, then it is difficult to find employees locally. At the same time, it becomes necessary to offer additional labour force living space in the region. Another problem that the entrepreneurs are facing is the payment of the salary level demanded. Seasonality is the problem of the companies related to construction, accommodation catering and carriage of goods.

One of the important hindrances to development is weak investment capacity. Many non-agricultural fields of activity are not supported. Many entrepreneurs expect the state or a local government to deal more actively with rural labour force matters. The state or a local government should help to keep young people in the country or to invite young specialists from elsewhere; support employed people in getting a place of residence; help organise the transport of employed people; create opportunities for in-service training, etc. In a situation with a background of competing jobs in cities and abroad, the lack of skilled employees and recently also the lack of unskilled workers is a problem in all regions. Thus, expenses for motivating the staff are very much needed.

The decrease in younger generation is also a serious problem. Presently, a half of the rural entrepreneurs are middle-aged. Therefore, it is important to implement measures for ensuring management potential in rural area.

An opinion poll of entrepreneurs indicated that a big part of today's managers are without specialised professional training. Only a few training courses have been attended, although the overall tendency is to favour in-service and other training.

The survey "Preferences of the consumers of rural tourism products and services and needs of rural tourism entrepreneurs" indicates that tourism is rather seasonal in Estonia – the average annual fill of accommodation establishments is 32,2%. In the peak-season, the average fill is 46,1%, and in the off-season it is 12,7%. Nevertheless, both the average number of beds and the average fill have increased. It is important to provide attractive rural tourism products also in the time outside the prime seasons, for example organise seminars and meetings and produce handmade products.

Many rural accommodation and other tourism establishments are providing products and services, which introduce the local natural and cultural heritage. On the one hand, local cultural heritage is attractive for tourists, on the other hand, it offers an opportunity to develop tourism infrastructure. Utilisation of the tourism potential of cultural heritage can contribute to the diversification of enterprise and to the creation of non-agricultural jobs in rural area.

In February 2007 there were 607 accommodation possibilities together with 16 600 beds in rural municipalities, belonging to different accommodation types' categories. The biggest in number are holiday houses (34%), followed by B&B (17%), guesthouses (15%), holiday village and camps, hostels (8%), and hotels (7%). Saaremaa has the biggest number of accommodation enterprises (122), followed by Valga county (89), Pärnu county (59) and Võru county (53). The counties with smallest number of accommodation enterprises are Järva (10), Rapla (11) and Jõgeva (15). 36% of visitors of rural tourism enterprises are foreigners and 64% are Estonians. Finnish people have the first place in the share of foreigners, followed by Swedes.

At the same time, the level of service providers is not uniform and does not sufficiently promote sparing and healthy lifestyle. For this, the possibilities and principles of nature tourism and culture tourism should be more extensively introduced to enterprises.

Quality of life

Within decades, the entrepreneurs offering services have due to the lack of critical mass of consumers taken their services out of rural areas. This has an impact on physical and social environment as rural people have to cover much longer distances to get primary and support

services. Rather poor transport conditions and road infrastructure still complicate the situation.

The survey “Need for support in the sector of rural enterprise” was made in 2001 and 2006 and according to this survey, services are estimated higher. In the opinion of inhabitants of rural municipalities, communication (post, telephone), basic and secondary education and administration in rural municipality government are the best organised services in the country. In rural areas, the availability of different services is a complicated problem as in rural municipalities, several consumer services are unavailable to most people. In case of 10 services of 19 consumer services indicated, at least a half of the questioned rural inhabitants answered that the mentioned services were missing. Undertakings are not interested in offering such services as washing of clothes, mending of shoes, equipment repair, tailoring, banking services, sale of industrial goods and repair services in rural municipalities with a small number of inhabitants or clients and the existence of undertakings offering such services in some rural municipalities is rather an exception. Inhabitants are mainly concerned about the lack, bad quality or unavailability of banking, sauna and shoemaker’s services and of a store of industrial goods or an equipment repair shop. Some repair services and personal services (hairdresser, sewer, etc.) are available in nearest cities but also in bigger cities.

Finding new solutions for the provision of services would be one way for the maintenance and improvement of the quality of life. Service providers could be concentrated under one roof or into the so called multifunctional buildings or mobile services could be provided. Wider spread of Internet will also improve access to the services provided by both public and private sector.

For the situation in leisure and cultural activities, it can be said that according to the survey “Analysis of wider-spread social joint activities in villages” libraries and community centres are used by 84% and 72% of respondents respectively. The location and accessibility of service buildings is quite different, and quite generally it can be said that for about 20-30% of population it takes more than half an hour to access daily and periodical services. 20% of population considers also the location of community centres and libraries to be too far. Libraries together with community grounds and shops are considered to be the most important places for gatherings, and the importance of community centres will certainly grow in this respect.

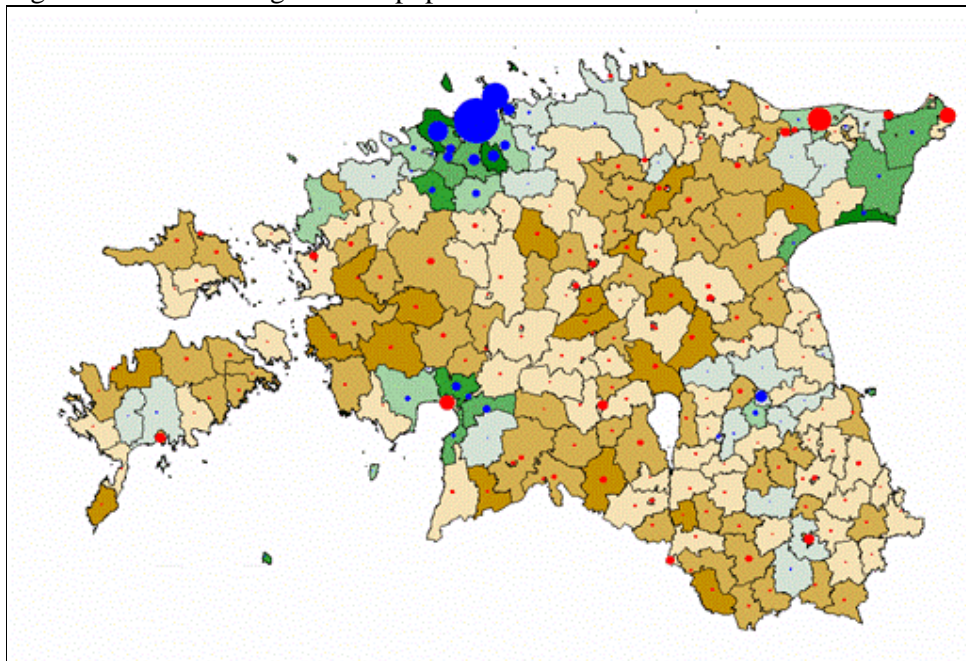
According to the e-monitoring survey made by PLC Emor within March–May 2006, 39% of Estonian households have Internet access, in rural area the respective figure is 33%. The national programme “Küla tee 3” (Village Road 3) has been launched to provide the population of low density areas with Internet access under the conditions similar to high density area. As regards preservation and growth of the number of rural inhabitants, the improvement of quality of life (incl. infrastructure, better access to services) is of big importance.

Participation in lifelong learning helps to adjust to the changes in labour market, makes workers more competitive and improves their quality of life. In 2005, the share of adult population participating in education and training was 6,7%, which had increased by 0,3%, compared with the previous year. The EU-25 respective indicators were 8,6% in 2004 and 9,4% in 2005. In order to make Estonian labour market more flexible, education and training should be promoted among active labour force. In rural area, this will also help to solve the problem of inadequate qualified workforce.

Regional differences in indicators for quality of life and entrepreneurial conditions bring along concentration of population and economic activities to bigger centres and their influence area. At the same time specific factors exist, which hinder the extensive migration from rural area to the cities (for example low income levels often prevent acquisition of

housing in cities). This has resulted in extensive daily commuting to county centres, and partly also in longer-term labour migration from peripheral counties to Tallinn.

Figure 18. Internal migration of population 2000–2005



Source: Ministry of Internal Affairs

In Estonia we can speak about following levels of central places:

- Tallinn region – important to guarantee Estonia’s international competitive strength.
- Tallinn, Tartu, Pärnu, Ida-Viru urban clusters – more and more regional differences are determined by success of urban regions as promoters of regional development. Therefore relatively good regional development indicators of Harju, Tartu and Pärnu county are directly related to good economic conditions of their central cities, and problems of Ida-Viru are related to restructuration difficulties of towns in this county.
- 12 urban areas – according to year 2002 analysis of urban development potential 12 urban areas were defined in Estonia: in addition to those already mentioned also Haapsalu, Kuressaare, Paide, Rakvere, Valga, Viljandi and Võru. Altogether 70% of population lives there and over 90% of top-500 biggest enterprises are located in this area.
- 44 areas of labour centres or local centres: - this list includes in addition to those mentioned earlier also local bigger service centres.

Constant outmigration of labour and young people reduces the possibilities for re-occupation of human resources, increases social depreciation, deepens the low exploitation of existing infrastructure and therefore reduces the abilities of independent operation of those areas. Continuing concentration of population to urban areas brings along additional expenses to whole society: need for additional infrastructure, increasing pressure on environment etc.

The regional welfare is reflected in meeting the immediate needs of people – residence, jobs, education, services and vacation. Spatial differences in providing basic needs for people has resulted in out-migration of population from some areas and is preventing sustaining existing population and attraction of new inhabitants. Better response to meeting the basic needs of people requires improvement of access to high quality public services on one hand, and on the other hand creating prerequisites for creation of new jobs.

In many parts of rural area one or several public services are not adequately accessible, whereas there are regional differences in those shortcomings. Existing infrastructure objects were mostly built decades ago and by now they have become non-functional – due to decrease in the volume of services the initial function of buildings and facilities has disappeared or changed. In addition to that technical structures, main constructions and commonly used parts have depreciated, which results in their inefficiency, and therefore they are not compatible with different contemporary requirements. The number of users of mentioned infrastructure is constantly in decline, therefore it is reasonable to provide additional functions (other services) to those under-utilised objects.

Rural natural and cultural heritage

Wide cultural heritage is an important development resource to bring out regional speciality. In Estonia, there are about 25 000 protected cultural monuments, 12 heritage conservation areas and some natural sacred places. 91% of archaeological monuments and 71% of architectural monuments are located outside cities. According to the data of environmental register, as of 1 January 2006, there are 391 protected areas (incl. 5 national parks), 543 parks and forest stands, 127 special conservation areas, 666 species protection sites, 1 natural object protected at the local government level, 301 areas with temporary restrictions and 1172 protected individual natural objects in Estonia. Estonia is characterised by villages in which houses are far apart or sited haphazardly. Farmhouses including a barn are only typical of Estonia and Northern Latvia. The former manors, which have survived up to now and which have heritage of agricultural production and some buildings of the Soviet time, in particular collective farm centres, should also be mentioned. In Estonian cultural landscape, many cultural objects already perished elsewhere in Europe have survived, such as ancient fields, historical villages, building traditions, handicraft.

On agricultural landscape, abandoned dilapidated agricultural production buildings can be seen. Many buildings left out of agricultural or any other kind of use are falling apart and littering the appearance Estonian agricultural landscapes. 60% of buildings are older than 30 years. Some of them are not fit for use any more and it would be rational to liquidate those buildings in order to maintain the landscape.

In particular, strong community ensures the survival of cultural landscape. Cultural monuments and valuable cultural objects serve as tourism magnets but their role as the determiner of the identity of a location is even more important. While giving them a new function and life, historical and traditional identity of a landscape, a village or a building should be considered first. It is important to guarantee the survival of the historical look of objects. The implementation of the potential of cultural and natural objects for local development is impeded by the poor technical condition of those objects, their bad accessibility and display, lack of supporting infrastructure, scarce additional services and weak links between objects.

For the better use of local possibilities, the public and private sector are co-operating rather well. This co-operation has to be promoted further.

3.1.5 LOCAL INITIATIVE

In the situation where the number of people is small and enterprise is generally not profitable, the strength of local community is of big importance. Rural people have become concentrated – of more than 4000 villages about one fourth have elected village elders for the co-ordination of local activity. About 700 societies are involved in the development of villages.

Surveys indicate that relations between local governments, non-profit sector and entrepreneurs have improved and they trust one another. Thus, closer co-operation can

contribute to the involvement of all local community parties in the decision-making process concerning local development. The survey “Development of local initiative – LEADER-type measure” indicates that local governments, non-profit sector and business entrepreneurs trust one another in rural area. According to the survey, 75,6% of non-profit associations, 77,5% of local governments, 62,7% of entrepreneurs and 51,7% of inhabitants are willing to participate in the implementation of regional strategy. Awareness of Leader is rather high – 59,3% of non-profit associations and 56,4% of the representatives of local governments are informed about Leader. Thus, strengthening co-operation in the local community is a good prerequisite for involving all partners of the local community into decision-making on local development. For the smooth introduction of Leader-principles, seminars and information days have been organised. LEADER-Information Centre was acting as a support structure for local action groups (LAGs) in 2004–2006 programming period.

In Estonia, Leader-approach was applied through the ENDP 2004–2006 measure 3.6 “Local initiative based development projects – LEADER”. Leader-type measure was applied in two options – acquisition of skills and integrated rural area development strategy. Under the first option, the action groups to prepare local development strategies were selected. Under the second option, 3 action groups to implement the existing strategies were selected. The measure was applied in autumn 2006. For the smooth introduction of Leader-principles, seminars and information days have been organised. LEADER-information centre has been established as a support structure for LAGs. In Estonia, there is potential for about 25–30 action groups.

As of August 2006, there were 24 action groups in Estonia with an intention to apply for support from the ENDP measure 3.6. The potential LAGs covered approximately 320 000 inhabitants, which makes up 24% of the total number of inhabitants. The total area of activity of those action groups covers 37 000 km² of the mainland of Estonia (without the Estonian part of Lake Peipsi, and without the area of Lake Võrtsjärv), which comprises 85% of the total area of Estonia. By the beginning of 2007, 24 LAGs were chosen, 3 of which started to implement their strategies.

Map 8. LAGs in Estonia, as of 1 January 2007



Source: LEADER-information centre

3.2 STRATEGY

3.2.1 SWOT

SWOT reflects the strengths, weaknesses, opportunities and threats to be faced by agriculture, agricultural produce processing industry and forestry, agricultural environment, rural enterprise and local physical and social environment. SWOT is structured horizontally, in the cross-axes manner, as the majority of the indicated strengths, weaknesses, opportunities and threats have broader cross-axes impact.

Strengths

- Big part of agricultural land is hold by relatively bigger and more competitive agricultural producers, a small part of agricultural producers need structural changes.
- Majority of agricultural produce processors have concentrated into bigger units, where the primary investments necessary for the assurance of conformity have been made, regarding main production trends.
- Favourable conditions and resources for the development of environmentally friendly and sustainable agriculture, incl. organic farming.
- Natural conditions suitable for livestock farming, and long traditions.
- Big share of natural landscapes and semi-natural grasslands fro the assurance of biological diversity.
- Sufficient area of private forests, the existence of forestry and the relevant service enterprises for the sustainable management and development of forests.
- Diverse landscape and the related rich cultural heritage.
- Well organised third sector.

- Scientific research establishments, vocational educational institutions, advisory centres and the experienced staff of teachers, researchers and advisers.

Weaknesses

- Weak adaptability of small agricultural producers and the lack of enterprise promotion plans (e.g. diversification of agricultural production – horticulture, apiculture, energy crops).
- Insufficient economic capability of agricultural producers, as regards additional investments, environmental investments *inter alia*.
- Incomplete production chain (production – processing – commerce – consumer) in case of organic and niche products, the lack of national quality schemes, weak marketing and small spendings on innovation.
- Low specialisation of processing industry, limitations to the local market, dependence on foreign market.
- Financing of agricultural vocational education, incl. in-service training, competency training and retraining, does not ensure the development of practical training facilities on contemporary level and the preparation of sufficient numbers of qualified labour. Low reputation of rural life.
- Big part of land improvement systems and machinery have depreciated or are becoming obsolete.
- Insufficient information for private forest stewardship, decrease in the awareness of forestry, deterioration of forestry infrastructure, low profitability of forestry, high cost of risk management, low level of organisation.
- Low population concentration in rural area, small number of consumers of goods and services, limited logistics opportunities and the outflow of services from rural area.
- Shortage of non-agricultural jobs in rural area.
- Growing share of the lands left out of direct agricultural use. Big share of acid soils.

Opportunities

- Restructuring and reorientation of less competitive producers (e.g. increase in volumes, alternative activities).
- Development of production chain in its entirety and the promotion of co-operation (alternative products, small producers/processors, processing of self-produced products, organic products, forestry products, etc.), participation of agricultural producers and processors in quality schemes, promotion of joint activity.
- Suitable land, experience and possibilities for the development of livestock farming (sufficient sheep and cattle quotas).
- Increase in the share of environmentally friendly agriculture. Wider spread of environmentally friendly manners of thought and production, increase in the awareness of the environment and increase in the share of organic production. Development of bioenergy technologies and environmental services.
- Increase in knowledge-based activities in agricultural production and processing.
- Improvement of the quality of labour force, training, retraining and advisory service.
- Maintenance of the big share of natural landscapes, which *inter alia* contributes to the promotion of rural tourism and nature tourism (incl. hunting). Maintenance of the share of semi-natural grasslands.
- Improvement of the condition of private forest and the development of wood processing. Expansion of joint activity through forest owners' associations.

- Improvement of the quality of life (incl. better availability of infrastructure and services, finding new possibilities for the use of abandoned buildings), resulting in the increase in the number of rural inhabitants.
- Increase in local initiative, incl. the involvement of local initiative in the development of niche production and local decision-making.

Threats

- Reduction in the income received from agricultural production and forestry, outflow of services.
- Insufficient opportunities of the small producers and employees falling out of agricultural production and forestry to find work in rural area.
- Increase in unemployment in rural area due to the small number of non-agricultural jobs in rural area. The continual departure of qualified entrepreneurs, employees and young people from rural area and the disappearance of employment opportunities, weaker connections of rural inhabitants with their home place. The shortage of qualified labour force is a new problem.
- Weak land use planning, which results in the reduction of the area in agricultural use, if alternative purpose for that area will not be found.
- Insufficient compliance with environmental requirements and the concentration of agriculture.
- Reduction in biological (incl. genetic) and landscape diversity.
- Deterioration of the condition of land improvement systems, which may result in the abandonment of agricultural land.
- Uneven development of the third sector by regions and the dependence on active leaders, the need for permanent support in order to be sustainable.

3.2.2 STRATEGY RELATED TO STRENGTHS AND WEAKNESSES

3.2.2.1 IMPROVING THE COMPETITIVENESS OF THE AGRICULTURAL AND FORESTRY SECTOR

In 2007–2013, in increasing the competitiveness of agriculture and forest management, more attention will be given to the increase in the share of the production of higher value added by product development and the assurance of stable quality. This will require more emphasis on the development of technology and closer co-operation with different research establishments. At the same time, considering the big need for investment accompanying agricultural production and agricultural produce processing since 1990s and getting bigger due to the new additional requirements, modernisation of agriculture and processing industry will be of the greatest importance in the development of the competitiveness of agriculture and forest management in 2007–2013.

- Considering that the value added produced in the sector of agriculture is lower predominantly among smaller agricultural producers, the increase in their competitiveness through the diversification and/or expansion of production is promoted in the sectors of normal market outlet. In the framework of this activity, particularly micro agricultural producers are regarded as the target group.
- Considering that underinvestment of the sector of agriculture will endanger the medium- and long-term competitiveness of agriculture and that the competitiveness will require quick development in coming years, long-term investments in the infrastructure and buildings of long pay-back period are vital. Therefore, support for the development of agricultural and forest management infrastructure (land

improvement, incl. forest drainage, and access to agricultural and private forest land) as well as for the construction and reconstruction of agricultural buildings and facilities of long pay-back period (primarily, cowsheds and the technological facilities serving common interests of different producer groups) is regarded as a priority.

- To give more attention to environmental aspect, usage of agricultural technologies is promoted, with a view to improve animal welfare and to apply environmentally friendlier cultivation methods.
- In the areas of acid soils, continuation of soil protection activities should be ensured due to high environmental risk.
- By promoting the participation of younger generation in agriculture, contribution is made to the change of generations and to the improvement of the age structure of agricultural entrepreneurs.
- Resulting from the additional economic burden caused by the use of the BAT, the investments made by agricultural producers for the use of the BAT will be supported by the public sector, if necessary.
- Due to the low environmental sustainability of agricultural produce processing industry, introduction of clean technology, particularly targeted at the conformity with environmental requirements (waste management among others), require more attention. The objective is to attain the increase in the share of environmental investments in total investments of the sector.
- To develop agricultural production, it is important to use local raw material and to market it with higher value added. Therefore, in agricultural produce processing industry attention has to be given to the more active product development, in order to increase value added and to improve product quality. As placing products on the market is a problem in several niche sectors (e.g. organic agriculture), attention should be given to quality, product development and marketing there. The objective is to attain by the end of the period the situation where value added per person gets nearer to the EU-25 average and the share of export in production increases.
- To make better use of the opportunities provided by agriculture and forestry in the production of renewable raw material (incl. bioenergy) for non-food and to create additional jobs in rural areas, the investments focused on the production of renewable non-food raw material (incl. bioenergy raw material) and of bioenergy from one's self-produced raw material are promoted in agriculture, forestry and agricultural produce processing industry.
- Taking into account that private forestry has an important role to play in the economic activity of rural area, priority is given to the improvement of the economic value of private forests, to the development of economic activities creating additional value to forestry products and to the attainment of the competitiveness of forest management in the long run.
- To intensify the spread of new technologies and the use of renewable energy and particularly in order to apply new products and sustainable technologies in the production chain of agricultural and forestry products and to find out quality risks and improve the situation, co-operation of the sectors of agriculture and forestry management and agricultural and forestry products processing industry with research establishments is promoted. Co-operation between the sectors of research, production and processing in the development of new products competitive in the market (incl. bioenergy) is supported.
- Development of advisory and training system for agricultural producers, private forest owners and processors of agricultural and forestry products as a link between research and production sectors is important.

3.2.2.2 IMPROVEMENT OF THE ENVIRONMENT AND THE COUNTRYSIDE

In the period 2007–2013, the period 2004–2006 level of financial resources focused on the maintenance of the agri-environment and the countryside will generally be retained. Proceeding from that and considering that the commitments of several years taken under the ERDP 2004–2006 also have to be financed, considerable increase in the number of new supported activities and the expansion of their scope is not possible. In comparison with the period 2004–2006, in 2007–2013, the solution of specific environmental issues will be concentrated on in planning new activities under agri-environmental support.

- Considering that in the framework of the ERDP 2004–2006, five-years commitments have been taken under agri-environmental support, the support for less-favoured areas and the support for afforestation of agricultural land, in 2007–2013, those commitments should be financed until their termination, for the purpose of ensuring the consistency of development plans.
- Considering that due to the soils of higher fertility, in some cases agricultural production has concentrated to the nitrate-vulnerable zone but at the same time it concerns limestone and karst area of unprotected groundwater, additional measures should be taken to attain good status of the environment in the area. Making use of the BAT in agricultural production, the promotion of the basic agri-environmental support measure and the promotion of organic farming contribute to water and soil protection activities.
- Considering that there are many landscapes of high biological and landscape diversity value in Estonia, the activities helping to preserve biological and landscape diversity are promoted under axis 2.
- As there are several endangered breeds important in view of cultural heritage and genetic diversity in Estonia, support for keeping the above mentioned endangered breeds will be continued to lower the risk of their extinction. At the same time, attention is also given to the maintenance of endangered varieties.
- To maintain biological and landscape diversity, non-productive investments, e.g. the establishment and restoration of stone walls are promoted.
- Considering that in 2004–2006, taking the agricultural lands less suitable for agricultural production out of use was applied by afforestation of protective belts, will be concentrated on in the future, in order to ensure good status of the environment.
- To contribute to the alleviation of climate change, energy crop growing is of great importance.
- Considering that less-favoured areas of low quality rating (the LFA) make up 50% of agricultural land in Estonia, land use by the agricultural holdings active in those areas and maintenance of the countryside are supported.
- Considering that Natura 2000 network areas cover about 55 000 ha of agricultural lands, with a view to maintain biological and landscape diversity, it is necessary to ensure compensation for the income loss incurred by land owners due to the restrictions on the above mentioned agricultural lands and also on private forest lands covered by Natura 2000 network proceeding from the Nature Conservation Act and caused by meeting the requirements of Council Directive 79/409/EEC on the conservation of wild birds and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

3.2.2.3 QUALITY OF LIFE IN RURAL AREAS AND DIVERSIFICATION OF THE RURAL ECONOMY

In the period 2007–2013, compared to the period 2004–2006, the level of financial resources focused on the improvement of the quality of life and on the diversification of rural economy, has increased about four times. To improve the situation of enterprise, in particular the development of micro-enterprises is promoted. Preference is given to the diversification of the activity of smaller agricultural holdings with non-agricultural rural enterprise. To ensure the availability of basic services and the renewal of infrastructure, the relevant activities are more and more directed by the Leader-decision-making process.

- To improve the situation of enterprise, in particular the development of micro-enterprises should be concentrated on. Preference is given to non-agricultural production, using local resources, to rural tourism, handicraft and service enterprise, which are directly related to the improvement of the quality of life in rural area. This will improve employment in secondary and tertiary sector and the jobs freed from agriculture will be compensated for.
- Diversification of the activity of particularly small agricultural holdings with other rural enterprise beyond agriculture must be promoted. Diversification is primarily focused on micro-enterprises. The objective is the increase in the number of agricultural producers active in other profitable activities and the increase in their income from alternative activity.
- Investments into making use (in production or services) of abandoned agricultural facilities and the buildings important for agricultural production inheritance, incl. manorial estates, are preferred, thus contributing to the creation of employment opportunities and to the development of tertiary sector.
- To ensure the availability and sustainability of services within a prolonged period, new solutions operating even during a longer period should be found, considering the sparse population typical of rural area. Those solutions may include the development of multifunctional services centres, finding mobile solutions to offer goods and services and the implementation of modern information technology, at the same time considering people with special needs. Thus, the value added produced by tertiary sector, will increase.
- In particular, investments for the preservation, restoration and quality improvement of the living environment of villages (historically developed meeting places, such as village squares, sacred groves, swinging places, public sporting facilities) are promoted. In the development of LAGs, more of the relevant activity will be directed through Leader decision-making process. The objective of the improvement of the quality of life is the reduction of migration caused by the unavailability of services.
- To reduce negative cultural heritage and to preserve aesthetic value of landscapes the dismantling of abandoned agricultural buildings is promoted.

3.2.2.4 LEADER

The aim of the formation of LAGs and the preparation of their strategies is to attain the functioning of LAGs in the biggest part of rural area. To contribute to the inhibition of the increase in regional differences and to promote local initiative in the improvement of the quality of life, in case of Leader it is planned to apply indicators of regional differences (incl.

household income per capita) as the basis for the allocation of resources and for the provision of the amount of co-financing and of selection criteria in the new period.

- Strength of rural community and co-operation between different parties play an important role in the development of rural area. Co-operation should be made closer as enterprise alone is not able to create new jobs or to reduce bottlenecks in the country. The role of non-profit sector in the creation of new jobs is also significant, therefore its development will be promoted.
- Implementation of strategies comprising the utilisation of local specific character, including the sustainable use and introduction of rural and cultural heritage, the development of traditional community activities, the improvement of employment, the use of the potential of domestic and outbound tourism, the valuation of individuality and traditions and the use of innovative approaches, directed at co-operation must be supported.
- Activities primarily directed at the objectives of axis 3 should be preferred in local strategies.

3.2.2.5 SWOT AND CORRESPONDING MEASURES

Table 21. RDP measures regarding the use of strengths, neutralization of weaknesses, realization of opportunities and the minimization of threats.

SWOT	Measure
Strengths	
Big part of agricultural land is hold by relatively bigger and more competitive agricultural producers, a small part of agricultural producers need structural changes.	Measures 1.4, 1.6, 1.7
Majority of agricultural produce processors have concentrated into bigger units, where the primary investments necessary for the assurance of conformity have been made, regarding main production trends.	Measures 1.6, 1.7
Favourable conditions and resources for the development of environmentally friendly and sustainable agriculture, incl. organic farming	Measures 1.4, 1.6, 2.3
Natural conditions suitable for livestock farming, and long traditions.	Measures 1.4, 2.3, 2.4
Big share of natural landscapes and semi-natural grasslands for the assurance of biological diversity	Measures 2.2, 2.3, 2.4, 2.7
Sufficient area of private forests, the existence of forestry and the relevant service enterprises for the sustainable management and development of forests.	Measure 1.5
Diverse landscape and the related rich cultural heritage.	Measures 2.2, 2.3, 2.5, 2.7, 3.1 ja 4
Well organised third sector.	Measures 3.2 ja 4

Scientific research establishments, vocational educational institutions, advisory centres and the experienced staff of teachers, researchers and advisers.	Measures 1.1 ja 1.3
Weaknesses	
Weak adaptability of small agricultural producers and the lack of enterprise promotion plans (e.g. diversification of agricultural production – horticulture, apiculture, energy crops).	Measures 1.4, 3.1
Insufficient economic capability of agricultural producers, as regards additional investments, environmental investments <i>inter alia</i> .	Measures 1.2, 1.4, 1.8, 3.1
Incomplete production chain (production – processing – commerce – consumer) in case of organic and niche products, the lack of national quality schemes, weak marketing and small spendings on innovation.	Measures 1.6, 1.7, 1.9
Low specialisation of processing industry, limitations to the local market, dependence on foreign market.	Measures 1.6, 1.7
Financing of agricultural vocational education, incl. in-service training, competency training and retraining, does not ensure the development of practical training facilities on contemporary level and the preparation of sufficient numbers of qualified labour. Low reputation of rural life.	Measures 1.1, 1.3
Big part of land improvement systems and machinery have depreciated or are becoming obsolete.	Measure 1.8
Insufficient information for private forest stewardship, decrease in the awareness of forestry, deterioration of forestry infrastructure, low profitability of forestry, high cost of risk management, low level of organisation.	Measures 1.1, 1.3, 1.5
Low population concentration in rural area, small number of consumers of goods and services, limited logistics opportunities and the outflow of services from rural area.	Measures 3.1, 3.2, 4
Shortage of non-agricultural jobs in rural area.	Measures 3.1, 3.2, 4
Growing share of the lands left out of direct agricultural use. Big share of acid soils.	Measures 1.4, 1.8

Opportunities	
Restructuring and reorientation of less competitive producers (e.g. increase in volumes, alternative activities).	Measures 1.4, 1.6, 3.1
Development of production chain in its entirety and the promotion of co-operation (alternative products, small producers/processors, processing of self-produced products, organic products, forestry products, etc.), participation of agricultural producers and processors in quality schemes, promotion of joint activity.	Measures 1.7, 1.9
Suitable land, experience and possibilities for the development of livestock farming (sufficient sheep and cattle quotas).	Measures 1.4, 2.3, 2.4
Increase in the share of environmentally friendly agriculture. Wider spread of environmentally friendly manners of thought and production, increase in the awareness of the environment and increase in the share of organic production. Development of bioenergy technologies and environmental services.	Measures 1.1, 1.3, 1.4, 2.3
Increase in knowledge-based activities in agricultural production and processing.	Measures 1.1, 1.3, 1.7
Improvement of the quality of labour force, training, retraining and advisory service.	Measures 1.1, 1.3
Maintenance of the big share of natural landscapes, which <i>inter alia</i> contributes to the promotion of rural tourism and nature tourism (incl. hunting). Maintenance of the share of semi-natural grasslands.	Measures 2.2, 2.3, 2.4, 2.5, 2.7
Improvement of the condition of private forest and the development of wood processing. Expansion of joint activity.	Measure 1.5
Improvement of the quality of life (incl. better availability of infrastructure and services, finding new possibilities for the use of abandoned buildings), resulting in the increase in the number of rural inhabitants.	Measures 3.1, 3.2, 4
Increase in local initiative, incl. the involvement of local initiative in the development of niche production and local decision-making.	Measure 4
Threats	
Reduction in the income received from	

agricultural production and forestry, outflow of services.	
Insufficient opportunities of the small producers and employees falling out of agricultural production and forestry to find work in rural area.	
Increase in unemployment in rural area due to the small number of non-agricultural jobs in rural area. The continual departure of qualified entrepreneurs, employees and young people from rural area and the disappearance of employment opportunities, weaker connections of rural inhabitants with their home place. The shortage of qualified labour force is a new problem.	Measures 1.2, 3.1, 3.2, 4
Weak land use planning, which results in the reduction of the area in agricultural use, if alternative purpose for that area will not be found.	Measure 1.4, 2.1
Insufficient compliance with environmental requirements and the concentration of agriculture.	Measures 1.4, 2.3, 2.6
Reduction in biological (incl. genetic) and landscape diversity.	Measures 2.2, 2.3, 2.4, 2.5, 2.7
Deterioration of the condition of land improvement systems, which may result in the abandonment of agricultural land.	Measure 1.8
Uneven development of the third sector by regions and the dependence on active leaders, the need for permanent support in order to be sustainable.	Measures 3.2, 4

3.3 EX ANTE EVALUATION

Ex ante evaluation is an obligatory part of the preparation of a development plan. The objective of ex ante evaluation is to optimize the use of budget funds and to improve the quality of programming.

Ex ante evaluation was conducted according to Council Regulation (EC) No 1698/2005 and according to Commission Regulation (EC) No 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 368, 23.12.2006, p. 15–73). The results of ex ante evaluation were available to the Ministry of Agriculture and to all the working groups related to the preparation of the programme.

By ex ante evaluation, the following was determined and assessed: medium- and long-term needs of Estonian rural area; objectives to be attained; anticipated results, quantified objectives and primarily their effect, in comparison with the baseline; value added of the EU;

level of taking into account the main objectives of the Community; experience gathered from the previous programming; quality of implementation, monitoring, evaluation and financial management.

Summary of the ERDP ex ante evaluation

The evaluator concluded that in the ERDP 2007–2013, the economic and environmental strengths and weaknesses and the problems requiring solution have been presented in detail.

Considering the relatively low competitiveness of Estonian sector of agriculture and the need to maintain the relatively good status of the environment, appropriate measures across four different axes have been drawn up on the basis of the Estonian Rural Development Strategy 2007–2013 (ERDS). The focus is on significant factors, such as improving the competitiveness of agricultural producers, restoring the forest potential destroyed in natural disasters incl. forest fires, more efficient use of forestry products, ensuring good status of the environment, preservation of the areas of high nature value, developing rural enterprise and giving more power of decision to local authorities.

The ERDP covers the strengths, weaknesses, opportunities and threats to be faced by agriculture, agricultural produce processing industry, forestry, the environment and the countryside and rural area. The research object is very broad, including converging connections and coinciding here and there. Definition of research object is one of the main prerequisites of the SWOT analysis.

The ERDP sufficiently covers the causes of disparities and the measures taken within the bounds of possibility for the resolution of those problems. The priority to allocate resources, to assign the extent of co-financing and to establish selection criteria, regarding regional differences, is a recognizable argument.

The target groups highlighted in the ERDP measures are drawn from the research object of the SWOT analysis and are in conformity with the scope of Council Regulation (EC) No 1698/2005.

On the estimates of the evaluator, in case of measures indicated in the ERDP 2007–2013, one can claim that there are no problems unsolvable with those measures. The indicated problems are more or less solvable. The general and specific objectives set in measures are in conformity with the provisions of Council Regulation (EC) No 1698/2005 and support the solution of the indicated problems. Under the ERDP monitoring, it is recommended to additionally evaluate the efficiency to solve the detected problems and set objectives.

The ERDP 2007–2013 concentrates on specifying common political guidelines, regarding several national priorities.

Despite some comments made, the general logic of setting and structuring objectives, enabling their successful completion, has been followed in the ERDP 2007–2013. The system of objective hierarchy has been implemented in preparing the ERDP. On the one hand, this system helps to analyse and link the different objectives of the programme, on the other hand, it highlights the supportive task of some intervention needs in the attainment of general objectives. Thus, the objectives are divided by different logically connected levels. In addition to the hierarchic system of objectives, horizontal objectives, being common objectives across the different measures of the programme, are used.

The ERDS reflects the analysis of the present socio-economic situation and of the status of the environment, the same as in the ERDP, rising the question of duplicated coverage of the given chapters in two documents. In addition, the ERDS presents the principles of general strategy with the interpretation of the Community and national priorities. Axes-based budget, quantified objectives, internal and external consistency of the strategy, complementarity with the other Community financial instruments and the indicative budget are all integral parts of the ERDS, being covered in more detail in the ERDP. Setting general strategic objectives

applied by the ERDP is an indispensable part of the ERDS. The objectives of the strategy and the programming document are in accordance.

The current situation has generally been covered with sufficient thoroughness in the ERDP. The statistics is appropriate and quantitative indicators are sufficiently highlighted. Certain duplication with the ERDS occurs occasionally.

The measures to be implemented must give relevant and complete information on the attainment of the set objectives. Through the ERDP measures, both vertical and horizontal objectives, referring to the four ERDS 2007–2013 axes, will be applied. The ERDP measures significantly support the attainment of the set objectives, considering the limited funds to be allocated and the critical needs of target groups.

The potential conflicts between socio-economic impacts are minimum or in most cases – none. Potential conflicts between socio-economic impacts can occur with the increase in environmental impacts and agricultural economic activity. The assurance of the balanced development of different regions can turn out to be complicated. Influenced by economic interests, the concentration of agriculture in fertile watershed areas with historically developed denser settlement and infrastructure, may continue. One of the objectives of the development plan is to exhaust all co-operation opportunities to maintain the attractiveness and employment of less developed rural areas.

If co-ordination of the implementation of different development plans cannot be ensured, it is not precluded that the negative environmental impacts of the overall agricultural development cannot be alleviated by the ERDP environmental measures and compensatory expenditures from other sectors would be needed for the maintenance of the quality of life in rural area and of good status of the environment in areas of intensive agricultural production. For example, the costs of providing water supply for the residents of low density areas and the costs for the reconditioning of water bodies and the restoration of fish resources will increase.

The ERDP 2007–2013 was prepared with full awareness of the necessity to bear responsibility for its implementation. The need to designate the management authority, the paying agency and the certification body and the need to involve other institutions is acknowledged. Since those authorities and the Republic of Estonia in general will have the huge responsibility for the successful implementation of the programme, it is important to ensure the existence of legal acts precisely defining the limits of responsibility and of clear and precise implementation procedures, considering the thoroughly analysed lessons experienced by the implementation of SAPARD, structural funds and other rural development programmes.

Evaluator's position is that the objectives of measures support the ERDP 2007–2013 objectives and thus also the Community strategic goals. In the ERDP, the relevant Community objectives have sufficiently been considered.

The assembly of a broad monitoring committee and the efficient organisation of its performance, the organisation of cross-region and cross-strategy evaluations and the disclosure of monitoring and evaluation results should be efficient devices to avoid duplication in implementing different programmes.

The significant rural development programmes preparation, implementation, monitoring and evaluation experience, which will be invaluable after the cessation of the Community support to the given sector, is an important complementary effect to be attributed to the ERDP 2007–2013, resulting from the involvement of the Community. The persons related to the implementation of projects, measures and the whole programme and other partners involved in the monitoring committee and other activities will gain valuable experience.

Besides, the nature of main costs related to measures (investments, machinery, equipment, labour cost) should be considered in planning the cost of programme measures and the

relevant indicators should be adjusted with more precise macroeconomic indicators (construction price index, consumer price index, nominal wage growth rate, etc.).

The monitoring system described in the ERDP generally meets the requirements provided in Council Regulation (EC) No 1698/2005 (on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)).

Summary of the ERDP environmental impact evaluation

The implementation of the ERDP measures will not bring about any significant negative environmental impact. Thus, separate proposals for the avoidance, reduction or alleviation of the ERDP negative environmental impact are not necessary.

The ERDP activities will provide prerequisites for the usage of cleaner agricultural practices and will in case of proper direction contribute to the maintenance of good status of the environment in rural area.

The actual implementation of the ERDP measures greatly depends on the readiness of agricultural producers. The achievement of the ERDP environmental objectives and their extent is dependent upon co-operation between different institutions and agricultural producers in the implementation of the programme. To gain an environmental result, increase in the environmental competence of all the parties is very important.

The implementation of the measures will not cause any negative cross-border environmental impact.

Positive environmental impact is supported by bringing the facilities fixed under the ERDP into accordance with environmental requirements and good practice and by the introduction of the BAT.

The biggest environmental impact is conditioned by manure handling. Unsatisfactory collection, transport, storage and handling of manure has direct impact on water quality, human health, air quality, climate change, biological diversity and soil. Therefore, to avoid negative environmental impact, the introduction of the BAT particularly in cattle, pig and poultry farming should be one of the priorities in the ERDP implementation.

Several measures planned for the ERDP are intended to maintain biological and landscape diversity. Estonian state has to ensure that the land no longer used for production will stay in good agricultural and environmental condition. *Inter alia*, it certainly means the prevention of the overgrowth of former agricultural land with brushwood, mostly typical of borderland. Therefore, the support for the maintenance of semi-natural habitats should most certainly be extended beyond the Natura 2000 areas.

The assurance of balanced development of different regions will be complicated. Due to economic interest, the concentration of agricultural production to catchment areas of good soil fertility and with historically developed dense population and road infrastructure will continue. All co-operation opportunities for the maintenance of employment and the attraction of backward rural regions should be utilised.

In case of inefficient co-ordination of the efforts of different development plans, it is not excluded that the ERDP environmental measures fail to alleviate the negative environmental impacts of overall agricultural development and for the maintenance of good quality of life in rural area and of good status of the environment, compensatory expenditures (e.g. providing water supply for the residents of low density areas, reconditioning of water bodies and the restoration of fish resources) from other sectors will be indispensable.

3.4 EFFECTS OF THE PREVIOUS PROGRAMMING PERIOD

3.4.1 SAPARD-PROGRAMME

The pre-accession programme SAPARD was launched in Estonia in 2001, with a view to contribute to the adjustment of the agricultural sector to the standards of the EU and to solve the development problems of rural area. The payments given under the SAPARD-programme were directed at the improvement of the competitiveness of agriculture and at the development of rural life, rural enterprise and rural infrastructure. On the other hand, the implementation of SAPARD also enabled to prepare the administration for implementing the support measures related to the accession to the EU.

Estonia applied the following SAPARD-measures:

- Measure 1. Support for investments in agricultural production;
- Measure 2. Support for investments in production and marketing of agricultural and fishery products;
- Measure 3. Support for investments in developing and diversifying alternative rural activities;
- Measure 4. Support for investments in rural infrastructure;
- Measure 6. Support for investments in reconstruction and development of villages.

In Estonia, the first support applications were accepted in summer of 2001, The receipt of applications ended in 2003. Support payments were made after investments and by now those investments are completed. The ARIB paid the last SAPARD-programme support amounts in September of 2006. The total SAPARD-support amount paid in five years by the public sector was 1,06 billion EEK, which helped to make investments for 2,3 billion EEK.

At the beginning, the start of the programme was difficult, as the farmers were not sure of being able to fulfil the commitments accompanying the support. In 2002 and 2003 farmers' interest grew considerably and the number of applicants and the amounts of support redoubled.

If in 2001 248 applications were submitted to the ARIB, of which 130 were approved, next year the respective figures were 426 and 385. In 2003, 1158 applications were submitted, of which 1016 were approved. Under measure 1, 512 million EEK, under measure 2, 289 million EEK, under measure 3, 188 million EEK, under measure 4, 28 million EEK and under measure 6, 44 million EEK of support was paid. The biggest amount, 167,7 million EEK, was paid under SAPARD to the Tartu county applicants. Lääne-Viru and Järva counties followed with 123,2 and 91,3 million EEK respectively.

The ex post evaluation of the SAPARD-programme implementation began in the first half-year of 2007.

On broader level, the SAPARD-programme had two bigger objectives: assistance to the implementation of the EU legislation, regarding the CAP and other policies, and solving of priority problems, in order to ensure the sustainable development of agriculture and rural areas.

The programme contributed to the preparation of the implementation of the EU legislation on two levels. Preparation of administration for the implementation of the CAP was the first level. Before applying the SAPARD-programme, the Agricultural Registers and Information Centre was reorganised into the Agricultural Registers and Information Board (the ARIB), and its structure was organised with the perspective of the administration of the future EU supports. The administration of the EU support was different and in many ways more complicated than the payment of national support payments so far. The SAPARD contributed to the introduction of the EU system. The ARIB and the Ministry of Agriculture organised trainings for officials. Mid-term evaluation also regarded the programme contribution to the implementation of the CAP, to the establishment of procedures and to the improvement of implementation on administration level as very good.

Secondly, bringing the sector of agriculture and other rural enterprise into conformity with the EU standards was also important. Regarding that, different measures contributed to the attainment of this objective (measure 1, with respect to the sector of agriculture, measure 2 with respect to the agricultural produce processing industry, measure 3 with respect to tourism and other rural enterprise (e.g. food processing in small enterprises)). According to the data of mid-term evaluation, the SAPARD contributed to the increase in financial management (incl. accounting) knowledge and skills of enterprises, enabling many undertakings gain benefit from the EU support system.

The specific objectives of the programme were the following:

- to increase the efficiency of agricultural production, bringing it into conformity with market requirements;
- to enable the development of competitive and efficient food industry;
- to contribute to the socio-economic and infrastructure development of rural area;
- to set up conditions for the sustainable rural development.

The attainment of the specific objectives of the programme should be viewed under the attainment of the objectives of concrete measures. Regardless of the fact that three measures out of eight were not implemented, the programme contributed to the attainment of all the above mentioned objectives.

In the evaluation of the impact of the programme, its scope and importance for rural enterprises should be considered first. For that, we take the data of 2003 as the basis (the most active year of the SAPARD implementation) and compare the total investments with the investments made with the help of the SAPARD-programme.

In 2003, all rural undertakings made investments into the purchase of land and buildings, machinery and equipment in the amount of 25 billion EEK. With the help of the SAPARD-programme, in 2003, investments totalled to 800 million EEK, for which 389 million EEK of support was paid. According to the data of the mentioned survey, total investments made under the SAPARD-programme make up only 3,1% of total investments made into fixed assets throughout rural area.

Therefore, it can be said that out of the whole rural enterprise sector, economically the SAPARD-programme rather influenced the concrete sectors at which it was directed (beside agriculture the development of rural tourism), but for influencing the whole rural enterprise sector, the scope of the programme was not sufficient. Therefore, it is complicated to relate the positive macroeconomic changes, such as the increase in employment and the stabilisation of rural population, to the SAPARD- programme.

Observing the sector of agriculture separately, according to the data of Statistics Estonia, investments into fixed assets in agriculture, hunting and forest management totalled to 1 040 million EEK in 2003. Considering that under the SAPARD-programme measure 1 243 million EEK, with which 502 million EEK was invested, was paid out in 2003, in the sector of agriculture the investments made with the assistance of the SAPARD-programme support make up about 48% of total investments. Here, one can groundedly say that the investments made through the programme had an important economic impact.

According to the survey on need for investment in agriculture, in 2001–2003, the volume of investments in Estonian sector of agriculture increased and the state of being provided with fixed assets improved.

The results of the survey indicate that investment support has had significant effect upon the economic activities and economic results of agricultural holdings.

As a result of investment support, investments into machinery, equipment and buildings considerably increased in 2000–2004. In 2000, an average agricultural producer invested 2206 EEK per one hectare of usable agricultural area, in 2004, the respective figure was 4544 EEK. As a result of the use of obtained fixed assets, positive changes have taken place in the

economic indicators of undertakings. The sales revenue development index of the supported undertakings exceeds approximately 1,3 times the similar index of those who did not get any support. The above mentioned indicates the positive impact of investment support on undertaking's sales revenue. In some cases the development indices of economic indicators have been rather modest, but this has been caused by other factors influencing undertaking's economic activity, not by investment support payments.

According to the mentioned survey, investment support has enabled to invest in such fixed assets, which usage has increased the profit and equity capital of undertakings, which in their turn enable to ensure undertaking's sustainability. Modern buildings, machinery and equipment (animal barns, milking and feeding equipment, plant production machinery and equipment, etc.) enable to ensure the more stable quality of agricultural products and reduce its cost price, as a result of which the competitiveness of agricultural undertakings on the whole EU market will increase. According to the survey made among agricultural producers, it can be stated that investment support helped to maintain the sustainability of enterprises, enabling their enlargement and quicker development.

Regarding the investments of agricultural produce processing industry, in 2003, all food and drink industry enterprises invested 1 012 million EEK into fixed assets, at the same time, the investments made with support totalled to 175 million EEK. Thus, the investments made with the assistance of support make up about 17% of total investments. According to the survey on the impact of investment support, the share of support in undertaking's investments was approximately 38,6% in the year of the realisation of support and the support has increased investment in undertaking's own funds to about 30% bigger extent than it would have been done without support. The supported enterprises have been the first to contribute to the creation of new jobs. Support to meat plants has been of a great benefit. The same also applies to dairy plants, though in several cases their situation was rather problematic in 2004, influenced by other factors.

Regarding environmental impact, the contribution of the SAPARD can also be observed under concrete measures. Most of the new obtained machinery and equipment were environmentally friendlier than former machinery and equipment. The investments made under submeasures 1 (milk production), 2 (animal barns) and 3 (plant protection, manure spreading and seed production) of measure 1, under measure 2 for waste collection and treatment at waste treatment plant and under measure 4 for water supply and sewerage systems can be related to the improvement of environmental protection.

The support paid for the investments directly related to the environment totalled to 75 million EEK, with which investments in the sum of 152 million EEK were made. It has to be underlined that several other objects were also indirectly related to the environment, e.g. most of the objects of measure 2, which among others also fulfil an environmental objective.

Thus, directly environmental protection objects make up about 7% of the whole volume of programme support payments, which can be regarded as a good result. Due to the shortage of financial resources, many environmental protection investments would probably not have been made without support as they are economically less profitable.

Without additional surveys, it is difficult to assess the social impact of the programme as most measures were directed at investments for enterprises and their social impact is long-term and more indirect. Measure 6 – village development and renovation – had the more direct impact on rural population as the objectives of the measure were closely related to the improvement of the living environment through the development of social infrastructure.

The questionnaires sent to beneficiaries indicated a relatively big number of people using the investments, as estimated by beneficiaries. About 195 000 visits were made to public buildings and 109 000 to information points. Even if several repeated visits were considered,

the impact of measure investments is relatively big, regarding that there are altogether 280 000 inhabitants in Estonian villages and 450 000 inhabitants in rural area.

To sum up, it can be said that although the SAPARD-programme implementation period was relatively short and the objectives of some unimplemented measures and of some submeasures were not attained, the programme had a significant impact both on the development of the administration of Estonian and the EU supports and on the preparation of rural undertakings for the accession to the EU. Besides, the programme contributed to the reduction of several bottlenecks, e.g. through the promotion of the decrease in the need for investment in agriculture, through the investments to bring the industry into conformity with requirements and by the promotion of environmentally friendly investments. Regarding the economic impact of the programme by sectors, it can be said that the programme had biggest impact on the sector of agricultural production.

3.4.2 ESTONIAN RURAL DEVELOPMENT PLAN 2004–2006

The general objective of preparing the ERDP 2004–2006 was to support balanced development of rural area by regions, using the measures accompanying the EU Common Agricultural Policy. The following measures were implemented in the framework of this programme:

- Support for less-favoured areas (LFA);
- Agri-environmental support;
- Support for semi-subsistence farms undergoing restructuring;
- Support for afforestation of agricultural land;
- Support for meeting standards;
- Support for the areas with environmental restrictions (NATURA 2000 network areas);
- Technical assistance;
- Complements to direct payments.

Under agri-environmental support, payments were made for environmentally friendly production, for organic farming, for raising animals of local endangered breeds and for the establishment, restoration and maintenance of stonewalls. Initially it was planned to implement the support for environmentally friendly management, establishment and maintenance of mixed species hedgerows, maintenance of semi-natural habitats and winter plant cover in this period. Given the short implementation time (2004–2006) and the need for the revision of the budget arising from the number of applications for the support for environmentally friendly production (two times surmounting the predictions) it was decided, based on the proposition made by the monitoring committee of the ERDP to cancel the implementation of the above mentioned activities.

In addition, it was possible to finance the applications for the SAPARD-programme support measures under the ERDP 2004–2006.

The number of applicants for the support for less-favoured areas and the area covered by support increased from year to year: the number of applicants – from 8568 in 2004 to 10 029 in 2006; the area covered by support – from about 300 000 ha in 2004 to about 340 780 ha in 2006. From year to year, the area covered by the support for organic farming increased likewise: from about 40 000 ha in 2004 to about 66 000 ha in 2006. At the same time, the increase in the area covered by the support for organic farming has not brought about a considerable increase in the volume of organic products reaching consumers. Therefore, under the ERDP much more attention should be given to the increase in the volume of organic products and to the activities directed at their processing and marketing. The number of animals of local endangered breeds covered by support increased too: Estonian native horse –

from 861 horses in 2005 to 1066 horses in 2006; Estonian heavy draught, Tori horse and Estonian native cattle – 100–114, 451–470 and 679–727 respectively. Applying for the support for semi-subsistence farms undergoing restructuring was smaller than expected. In applying for the support for meeting standards (or for bringing manure handling into accordance with water protection requirements), the relatively low maximum limit of support reduced the activity of applying. However, the implementation of this support has had a positive impact on the status of the rural environment. In case of the support for less-favoured areas, in the estimated budget it was foreseen to satisfy by this budget all those having arable land in less-favoured areas. Relatively many farmers did not apply for that support after all. The support payments made within the framework of the ERDP 2004–2006 in 2004–2006 total to approximately 1,7 billion EEK.

As the ERDP 2004–2006 was implemented only in the course of 3 years in Estonia, the requirement to carry out mid-term evaluation in 2003 was not applied in Estonia. Therefore, the actual achievement of the ERDP 2004–2006 will not become evident until within the final evaluation of 2008. In case of certain measures, e.g. agri-environmental support, the impact of the programme has been evaluated by the Agricultural Research Centre since the beginning of its implementation. If in the first year source data on impact indicators were collected, within the years which followed, data for the further evaluation of the impact of the programme on the environment and socio-economic indicators have been collected, depending on evaluation methods. Nevertheless, on the basis of insufficient data it is not possible to make reliable generalizations about the impact of the programme before the implementation of the new ERDP. According to primary estimates, it can be said that the supports involving multi-annual commitments are much more complicated, compared with annual supports, due to the rapidly changing economic environment both for producers and administration, who must be able to foresee all the circumstances which may occur during the commitment period (terms of commitment must not be amended in the middle of the period). In case of agri-environmental support, tenant farming has turned out to be a problem as after the termination of a tenancy contract the producer cannot perform the commitment taken to full extent. In addition, the awareness of producers of the objectives of support should be considerably improved in the coming years. For example, the fact that agri-environmental support is granted for conformity with additional agri-environmental requirements, as compared with basic requirements, is not known to all producers yet. Producers also have to know more about general agri-environmental aspects as in addition to being in conformity with support requirements, knowing producers also apply other ways of management profitable for the agri-environment. In the coming years, the content of information materials explaining support requirements should be improved as those materials must be more detailed, include more examples, etc. Besides, the period of time between the entry into force of legal acts and the implementation of supports should be longer, in order to give the intermediate body sufficient time to prepare for implementation and the applicants to make themselves familiar with support requirements. Most of the measures implemented under the ERDP 2004–2006 will be continued under the new ERDP. Under the new ERDP, the establishment and restoration of stonewalls is supported under the measure support for non-productive investments. Compared to the ERDP 2004–2006, the maintenance of stonewalls will not be supported any more. The support for afforestation of agricultural land will not be continued. Instead of that, under the afforestation of agricultural land, it has been planned to support afforestation in the areas sensible to erosion. The support for meeting standards and the support for semi-subsistence farms undergoing restructuring will not be continued either and the support for environmentally friendly production will be replaced by the support for environmentally friendly management, which is more beneficial for the environment.

3.4.3 ESTONIAN NATIONAL DEVELOPMENT PLAN 2004–2006

The general objective of priority 3 of the ENDP 2004–2006 is to ensure a balanced and sustainable economic and social development of rural areas. Within the framework of this, the following measures were implemented for developing of agriculture and rural life:

- Measure 3.1: Investment in agricultural holdings;
- Measure 3.2: Investment support for improving processing and marketing of agricultural products;
- Measure 3.3: Diversification of economic activities in rural areas;
- Measure 3.4: Integrated land improvement;
- Measure 3.5: Renovation and development of villages;
- Measure 3.6: Local initiative based development projects – LEADER;
- Measure 3.7: Forestry;
- Measure 3.8: Support for setting up and provision of farm advisory and extension services.

The intensity of applying for the ENDP support payments implemented from 2004 indicated that in comparison with the necessity the volume of financial resources for support was too low. At the same time, the increase in the volume of financial resources was not possible, as the resources were limited by the state budget and the EU co-financing rate, which cannot be changed within a short programming period, had been agreed upon. However, it was possible to transfer the funds intended for one measure to another measure within the ENDP priority.

The implementation of the ENDP priority 3 indicated particularly big need for investments in agricultural production. As in 2004 the demand was very big under measure 3.1 and a part of the measure objectives for three years were already attained in one year, the list of the expenses allowed for 2005 was considerably cut. In 2004–2005, the whole three-year budget of measure 3.1 was exhausted and for that reason the measure was not opened any more in 2006. The experience got from the programming period 2004–2006 will be considered in the preparation of the agricultural production investment support measure(s) of the new programming period. Giving up the first-come, first-served ranking principle was one of the lessons learned as it caused queues and many inaccuracies in applications (made hurriedly). Since 2005, that principle was given up in the implementation of the other ENDP measures likewise.

The usage of the EU funds under Priority 3 so far has been very successful. At the same time, the amounts applied for under several measures were much bigger than the measure funds available.

For some measures, the time limit restricted the use of financial means, as similarly to other member states who acceded to EU on the 1st of May 2004, the programming and implementation of measures was limited to substantially shorter period than the usual 7-year period. First of all, the use of finances appeared to be difficult for measures which could not be opened in 2004 (for example measures 3.7 and 3.8, which were opened respectively in 2006 and 2005). In case of measure 3.8, low usage of budget funds was primarily caused by the smaller number of applicants. The lower usage of individual advice was caused by the interruption of advisory support in 2004, as a result of which many applicants and advisers lost interest in the sector. Besides, in case of some measures, too detailed lists of eligible activities have also been restrictive. In order not to leave good projects out, it is planned to make up better balanced lists of eligible activities in the future.

Nevertheless, opening of some measures (measure 3.6) was intentionally left to the end of programming period. Considering the limited budget of the measure, early opening of the measure would have meant utilisation of funds by LAGs, which could have led to gap in

financing between the end of previous period and the start of measure in current period. Postponing of the start of the measure allowed also to design the measure compatible with new period's rules as much as possible, which makes the transition to new period much easier.

Regarding investment measures, important experience related to setting the objectives and directing the measures while programming was gained with the implementation of ENDP. As the majority of indicators were estimated on the basis of maximum amounts of support and taking into account that big part of applicants did not apply for support on the maximum amount possible, then in reality the objectives were achieved also without using up the funds of measures. This has helped to analyse the self-financing capability of the target groups and it has been taken into account while designing the measures of ERDP 2007-2013.

As of the end of 2005, a total of 1367 projects with the total amount of support payments of 998 million EEK were approved.

Table 22. The funds foreseen for rural development in 2004–2006, million EEK

	2004–2006	
	TOTAL	Incl. EU
Direct payments	2523,3	1636,4
Market organisation	178,5	132,9
State aid	180,2	0,0
SAPARD*	455,6	341,7
ERDP 2004–2006**	2944,1	2354,8
Support for less-favoured areas	368,5	294,8
Agri-environmental support	1459,7	1167,5
Support for afforestation of agricultural land	47,7	38,1
Support for semi-subsistence farms undergoing restructuring	173,9	139,1
Support for meeting standards	407,3	325,8
Support for the areas with environmental restrictions (Natura 2000 areas)	13,3	10,7
Complements to direct payments	424,5	339,6
Technical assistance	48,8	39,0
ENDP 2004–2006***	1232,3	888,7
Measure 3.1 Investment into agricultural holdings	616,2	435,8
Measure 3.2 Investment support for improving processing and marketing of agricultural products	176,5	123,6
Measure 3.3 Diversification of economic activities in rural areas	115,1	80,6
Measure 3.4 Integrated land improvement	134,8	101,1
Measure 3.5 Renovation and development of villages	98,9	79,1

Measure 3.6 Local initiative based development projects – LEADER	28,8	23,1
Measure 3.7 Forestry	40,4	28,3
Measure 3.8 Support for setting-up and provision of farm advisory and extension services	21,1	16,9

* Payments made under SAPARD in 2004–2006

** ERDP 2004–2006 financial table, as of 17.10.2007

*** ENDP Priority 3 (Agriculture, fisheries and rural development) agricultural and rural development measures, financial table, as of 7.09.2007

3.4.4 NATIONAL INSTRUMENTS, WHICH HAVE INFLUENCED PROGRAMMING

In 2001, the Rural Development Foundation (the RDF) was established for the purpose of supporting the economic development of Estonian rural area by the implementation of specific enterprise promoting programmes. The RDF operates as the grantor of state aid approved by the European Commission, granting loans for rural enterprises (loans for working capital for the common supply and marketing activities of agricultural producers; loans for the development of the activity of savings and loan associations; investment loans for the purchase of land necessary for production), providing securities (loan guarantees for rural entrepreneurs; leasing guarantees for rural entrepreneurs; factoring guarantees for agricultural producers), information support and support for the rural specialty students of vocational educational institutions. In 2004–2006, the securities provided by the RDF totalled to more than 486 million EEK, the RDF also granted more than 390 million EEK of loans and more than 20 million EEK of support.

4. JUSTIFICATION OF THE SELECTED PRIORITIES

4.1 JUSTIFICATION OF THE SELECTED PRIORITIES

Proceeding from the analysis of the present situation, the competitiveness of Estonian agricultural sector is low, compared with the average of the EU. The status of the environment is relatively good but for its maintenance it is necessary to carry on the agri-environmental and other measures contributing to the sustainable development of agriculture. On the one hand, due to increase in the efficiency of agriculture, labour is freed in rural areas, on the other hand, the structure of enterprise is one-sided, employment possibilities are diminishing. Co-operation and confidence between different sectors has increased. This creates good basis for the promotion of local initiative and partnership.

Proceeding from the above mentioned, the main objective of axis 1 is to improve the competitiveness of the prevalent part of agricultural holdings and agricultural produce processing industry to such an extent that after the end of the programming period (after 2013) the farmers will manage in the conditions of market support and direct payment reduced by that time. In the sector of forestry, the objective is to raise the long-term competitiveness of forestry to the level ensuring the restoration of forest potential in forests damaged by natural disasters and fires, relevant preventive actions, the sustainable management of private forests and the maintenance of employment in rural area and supporting wider usage of forestry products and services.

In the context of axis 2, the applied farming practices should ensure the stable status of the environment and agricultural land use should also be guaranteed in the regions where it is important for shaping traditional landscapes and for the preservation of high nature value areas. In forest management and protection, the principle of sustainable forestry is considered and good status of the environment is ensured.

The main objective of axis 3 is the diversification of rural enterprise, in particular in less-favoured areas, and the improvement of the quality of life in rural areas. Those objectives will be approached in an integrated way, developing enterprise on the one hand and reinforcing the activity of local communities on the other hand.

To promote local initiative, wider decision-making power is given to the local level, so that in 2009–2010 most rural municipalities could be covered by LAGs with prepared and applied strategies for the development of their region.

Considering the minimum funding rates for axes (10-25-10-5) provided in Council Regulation (EC) No 1698/2005, the breakdown of resources for the present programming period by the ERDP and ENDP measures, the range of problems resulting from the present situation in comparison with the EU similar areas and the relevant objectives, the indicative breakdown of resources by axes is the following:

Table 23. Distribution of resources by axes and subaxes, (%)

Axis	2007–2013
	Share
AXIS I – IMPROVING THE COMPETITIVENESS OF THE AGRICULTURAL AND FORESTRY SECTOR	40%
Subaxis I Restructuring/modernisation	90% *
Subaxis II Innovation/advice	10% *
AXIS II – IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE	39%
Subaxis I LFA	17% *
Subaxis II Natura	13% *
Sub-axis III Agri-environment	61% *
Sub-axis IV Other	9% *
AXIS III – QUALITY OF LIFE IN RURAL AREAS AND DIVERSIFICATION OF THE RURAL ECONOMY	21%
Subaxis I Diversification/economic development	60% *
Subaxis II Basic services/infrastructure/renewal	40% *
AXIS IV - Leader	10%
Local capacity	10% *
Local strategies	90% *

* from the funds of the relevant axis

Thus, compared with the present programming period, the biggest increase in funding has been planned for axes 3 and 4, regarding both the share of axes and the increase in the funding of measures. It is justified by the need to give more support to the creation of non-agricultural jobs in rural micro-enterprises and to the more intensive local initiative in the mobilisation of local development potential. The creation of non-agricultural jobs just for the undertakings giving up agricultural production is essential with regard to the increase in competitiveness of the whole sector of agriculture. In axis 1, more attention is given to the investments of long pay-back period into physical infrastructure and environment, to the diversification of agricultural production (particularly in the smallest part of the sector of the lowest value added) and to human development, knowledge and innovation. Under axis 1, new activities in the field of bioenergy and innovation will be added. To increase the market share of organic products, their more active processing and marketing should be promoted. Within the first years of the new programming period, the resources of axis 2 are related to the commitments taken in 2004–2006. As regards agri-environmental support, the activities implemented within 2004–2006, will generally be continued in the new period. In addition to the implementation of the basic measure of agri-environmental support, complementary measures to solve specific environmental problems (e.g. activities in the areas with high environmental risk, incl. nitrate-vulnerable zones, and maintenance of semi-natural habitats beyond the ARIB register) are foreseen. Special attention is given to Natura 2000 network arable land and private forest land.

4.2 EXPECTED EFFECT OF EX ANTE EVALUATION

Regarding the description of the present situation, the evaluator recommended to make the text more concrete, to harmonise the reflection of problems and to ensure the conformity to the ERDS 2007–2013. To consider the recommendation, the programme has been reviewed and specified.

In the indication of strengths and opportunities, the evaluator advised to consider both the internal and external aspects of the programme. Due to that, wider developments beyond programme influence have also been described in the description of the present situation and considered in setting objectives.

Regarding the different target groups, the evaluator suggested that four different SWOT-analyses should be made. However, in the programme, selection has been made in favour of one horizontal SWOT-analysis as most of its aspects concern both different target groups and axes. The SWOT-analysis has been updated and several new problems, e.g. unemployment, have been added.

The evaluator drew attention to the ERDS priority to increase women's employment and to reduce unemployment, which is not properly indicated in the ERDP. Therefore, in case of some measures, preferences to female enterprise were foreseen in evaluation criteria.

The evaluator suggested that the target groups of measures should be supplemented. The ERDP target group was foreseen in the ERDS and it has been considered in designing measures. The proposals were considered within the existing target group, e.g. the inclusion of agricultural produce processing entrepreneurs in the target group of training and information activities.

In the elaboration of measures, the proposals of the evaluator not in conformity with the objectives of the measures, not eligible under the EAFRD or subject to some other measures (e.g. the proposal to extend the overall objective of the infrastructure of agriculture and forest

management measure to the preventive actions related to forest fires, which are eligible under the ERDP measure 1.5) were not considered.

The evaluator recommended the implementation of the support for the maintenance of semi-natural habitats also beyond Natura 2000 areas. The proposal of the evaluator was discussed with the Ministry of the Environment who took the stand that first of all maintenance of the protected semi-natural habitats of high nature value should be supported. The evaluator is of the opinion that Estonia should ensure that the land not used for production purposes any more is maintained in good agricultural and environmental conditions. As this is one of the conditions to be in conformity with area payment requirements, this objective is attained with other methods.

In view of successful attainment of the overall policy objectives, the evaluator called Leader-decision-making capacity and the scope of its implementation, regarding the improvement of the quality of life in rural area, into question. Considering the success of the Leader-type measure, its activity on local level and the importance of the principle of subsidiarity in decision-making, the share of Leader in the ERDP budget was not changed.

The evaluator suggested that the impact of the programmes implemented during the former programming periods and the lessons learned should be better reflected in the ERDP so that they could be considered in the implementation of the new development plan. On the basis of the existing data, the impacts have been indicated more thoroughly.

According to the estimate of the evaluator, the measure justifications of the draft ERDP were sometimes scattered and did not indicate the problems, for the solution of which the measure was intended. Therefore, measure justifications have been made more concrete.

The evaluator also drew attention to the necessity to systematize the description of the monitoring system and to the inadequacy of indicators in the draft ERDP. The comments have been taken into consideration, the description of the monitoring system has been improved and indicators have been included in all measures.

Annexes 1 and 2 of complete version of the ERDP include the ex ante evaluation reports (final report of ex ante evaluation and the report of the strategic evaluation of environmental impact).

5. INFORMATION ABOUT AXES AND MEASURES

5.1 GENERAL REQUIREMENTS

Description of axes and measures

Within the ERDP 2007–2013, it is planned to implement the support paid under Articles 21, 22, 24, 25, 26, 27, 28, 29, 30, 35, 37, 38, 39, 40, 41, 43, 46, 48, 53, 54, 55, 56, 57, 61, 62, 63, 64 and 65 of Council Regulation (EC) No 1698/2005, 20 September 2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

The selection of measures is based on the Estonian Rural Development Strategy 2007–2013 and on Chapters 3 and 4 of this Development Plan.

In Axis I, regarding the support for advisory system and services, it is planned to combine Articles 24 and 25 as a similar measure was also implemented under the ENDP 2004–2006, the support for the establishment of advisory system is a part of the measure due to the need to reorganise the existing system.

Considering the experience gained in applying for the support payments applied to private forest owners and forestry associations within the last programming period, the need to concentrate all the activities directed at the improvement of the economic value of forest on

forest land into one measure and the fact that the potential applicants are mostly private forest owners and their associations, Articles 27, 28 and 48 have been integrated to the measure of improving the economic value of forests and adding value to forestry products.

The production of new foodstuffs and foodstuffs of higher quality is a substantial part of product development in agrifood sector. Therefore, it is important to promote the participation of agricultural producers in food quality schemes and marketing of the products produced under those schemes. As co-operation with research institutions is an important prerequisite for the development of food quality schemes, for participation in those schemes and for the promotion of products, it is reasonable to concentrate the support for the activities of Articles 26 and 29 to the measure of the development of new products, processes and technologies in the sectors of agriculture, food and forestry. Such concentration enables the more efficient use of the existing budget funds and the more successful promotion of product development process as the whole product development chain from co-operation with research institutions to marketing can be supported under one measure.

Under axis 3, Articles 53–55 are combined in the measure of the diversification of the rural economy as there is already similar experience gained from the support to diversification, enterprise and rural tourism provided under the ENDP 2004–2006. The measure has attained its objective and helped agricultural producers to diversify beyond agriculture and to promote other rural enterprise.

In the measure of village renewal and development Articles 56 and 57 are combined, as essentially the measure is continuation of the measure implemented in 2004–2006. The implementation of the measure has been extremely successful, for what reason it will be rational to support the activities directed at village community completely under one measure in the future.

In Axis IV, a single Leader-measure, comprising Articles 61–65, will be implemented. Similar activities were also combined under the ENDP LEADER-type measure. Combining different activities will give local action groups bigger freedom to make decisions on the selection and implementation of their activities.

Horizontal indicators

Table 24. Horizontal indicators.

General socio-economic development

Indicator	Present situation	2007*	2010*	2013*
Economic development (EU-25=100)	50,6% (2004)	61,2%	66,7%	72%
Employment rate	64% (2005)	65,7%	66,7%	70%
Unemployment	7,9% (2005)	6,9%	6,2%	5,6%

Competitiveness

Training and education in agriculture	32,9%	39%	43%	47%
Age structure in agriculture (younger than 35/older than 55)	0,17 (2003)	0,18	0,19	0,20

Labour productivity in agriculture (thousand EUR)	5,59 (2004)	6,60	8,35	8,40
Gross fixed capital formation in agriculture (MEUR)	49,8 (2003)	77,3	82,4	85,4
Employment development of primary sector (thousand)	32,2 (2005)	30	27,5	25
Economic development of primary sector (MEUR)	346,4 (2004)	387	419,2	452,8
Labour productivity in food industry (thousand EUR)	9,91 (2004)	13	16,5	21
Gross fixed capital formation in food industry (MEUR)	53,1 (2004)	61	65	70
Employment development in food industry (thousand)	17,7 (2004)	16,2	14,7	13,5
Economic development in food industry (MEUR)	175,9 (2004)	190	197	203
Labour productivity in forestry (thousand EUR)	32,2 (2004)	37	51,5	66
Gross fixed capital formation in forestry (MEUR)	19,4 (2003)	22,3	31,1	39,7
Importance of semi-subsistence farming in new member states (less than 1 ESU)	23 043 (2003)	22 000	22 000	22 000

Environment

Biodiversity: Population of
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farmland birds					
Biodiversity: High Nature Value farmland (ha)		35 000 (2004/05)	38 000	40 000	45 000
Biodiversity: Tree species composition	coniferous	33,40%	33,40%	33,40%	33,40%
	broadleaf	26,30%	26,30%	26,30%	26,30%
	mixed	40,30%	40,30%	40,30%	40,30%
Soil: Areas at risk of soil erosion (t/ha/year)		0,11 (2004)	0,11	0,11	0,11
Soil: Organic farming (thousand ha)		49 (2005)	60	70	70
Climate change: Production of renewable energy from agriculture and forestry (Gg CO ₂ eq)		606 (2003)	1000	1500	2000
Climate change: UAA devoted to renewable energy (1000 ha)		0 (2004)	25,2	72	100
Climate change: GHG emissions from agriculture (Gg CO ₂ eq)		702 (2004)	702	702	702

Wider rural development

Farmers with other gainful activity	6,8% (2005)	7,4%	8,3%	9,2%
Employment development of non-agricultural sector	82,7% (2004)	85%	88%	91%
Economic development of non-agricultural sector (MEUR)	6903,6 (2003)	8835	10 284	11 733
Self-employment development	9,6% (2004)	10,2%	10,8%	11,4%
Tourism infrastructure in rural area	15 000 (2005)	15 200	15 800	16 400
Internet take-up in rural areas	33% (2006)	38%	49%	60%

Development of services sector	66% (2003)	66,4%	66,7%	70%
Pendulum migration	50,7% (2004)	48%	45%	45%
Life-long learning in rural areas	6,7%	10%	12,5%	14%

Leader

Development of Local Action Groups (population covered by LAGs)	0% (2005)	25%	35%	35%
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5.2 REQUIREMENTS UNDER ALL OR SEVERAL MEASURES

The more detailed requirements for all the ERDP support payments and the more detailed procedure of applying and processing of applications will be established by the regulation of the minister of agriculture. The supports to be granted and the activities to be supported during a financial year will also be established by the regulation of the minister of agriculture. The right to apply for and to obtain support does not arise if it has not been prescribed by the minister of agriculture with a relevant regulation in a financial year.

Continual activities

Commitments taken under the ERDP 2004–2006 measures “Support for meeting standards” and “Support for semi-subsistence farms undergoing restructuring” will be financed from the funds of the ERDP Axis I. In the new period, the referred measures will no longer be implemented. Commitments taken under the ERDP 2004–2006 measures “Support for less-favoured areas”, “Agri-environmental support” and “Support for afforestation of agricultural land” will be financed from the funds of the ERDP Axis II.

Selected measures

Table 25. Available measures.

Axis	Number	Measure / sub-measure / activity	Article	Code
1	1.1	Training and information activities	21	111
	1.2	Setting-up of young agricultural producers	22	112
	1.3	Support for advisory system and services	24, 25	114, 115
		Granting advisory service to agricultural producers and private forest holders	24	114
		Development of advisory system for ensuring good availability of advisory service	25	115
	1.4	Modernisation of agricultural holdings	26	121
	1.4.1	Investments into the development of micro agricultural holdings		
	1.4.2	Investments in livestock buildings		

	1.4.3	Investments into the production of bioenergy		
	1.5	Improving the economic value of forests and adding value to forestry products	27, 28, 48	122, 123, 226
		Improving the economic value of forests	27	122
		Restoration of damaged forest and prevention of forest fires	48	226
		Implementation of development projects	28	123
	1.6	Adding value to agricultural and non-wood forestry products	28	123
	1.7	Development of new products, processes and technologies in the sectors of agriculture, food and forestry	26, 29	121, 124
	1.7.1	Co-operation in the development of new products, processes and technologies in the sectors of agriculture, food and forestry	26, 29	121, 124
	1.8	Infrastructure of agriculture and forest management	30	125
	1.9	Setting up and development of producer groups	35	142
2	2.1	Support for less-favoured areas	37	212
	2.2	Natura 2000 support for agricultural land	38	213
	2.3	Agri-environmental support		
	2.3.1	Environmentally friendly management		
	2.3.2	Support for organic production		
	2.3.3	Support for keeping animals of local endangered breeds	39	214
	2.3.4	Support for growing plants of local varieties		
	2.3.5	Support for the maintenance of semi-natural habitats		
	2.4	Animal welfare: support for grazing animals	40	215
	2.5	Non-productive investments		
	2.5.1	Support for the establishment and restoration of stonewalls	41	216
	2.5.2	Support for the establishment of mixed species hedgerows		
	2.6	Support for the establishment of protection forest on agricultural land	43	221
	2.7	Natura 2000 support for private forest land	46	224
3	3.1	Diversification of the rural economy	53, 54, 55	311, 312, 313
	3.1.1	Diversification into non-agricultural activities	53, 55	311, 313
	3.1.2	Support for business development	54, 55	312, 313
	3.2	Village renewal and development	56, 57	321, 322, 323
	3.2.1	Basic services for the economy and rural population	56	321
	3.2.2	Village renewal and development	56	322

	3.2.3	Conservation and upgrading of the rural heritage	57	323
4	4.	Leader-measure	61, 62, 63, 64, 65	41, 42, 431

State aid

Regarding the activities covered by measures under Articles 25, 28, 29 and 52 of Council Regulation (EC) No 1698/2005, which do not fall within the scope of Article 36 of the EC Treaty, conformity to the state aid procedure and to the important criteria, in particular to the upper limit of public financing under Articles 87–89 of the EC Treaty, is guaranteed. In detail, the relevant provisions have been described in Chapter 9.

Common principles regarding investment measures

Minister of agriculture is entitled to establish maximum support sums for investment measures. In case of investment measures, support is directed at clearly defined objectives, reflecting the specified territorial requirements and weak structural sides. This will be ensured through the definition of target groups, the preclusion of the support for replacement investments, the usage of different regional support rates and through different preferences given by evaluation criteria.

In conformity with Article 72(1) of Council Regulation (EC) No 1698/2005 in case of investment measures, an investment operation must retain the EAFRD contribution at least within five years of the funding decision. Simple replacement investments are not supported.

In case of investment measures it is stated in the measure descriptions what kind of investments are supported in order to protect the environment. Only those objects of investment which after purchase, construction or reconstruction meet all the EU requirements, incl. environment are supported. According to the implementing regulations by the minister of agriculture it is required to add to the application of support the building permit or the permit of the local government if this is required by the Building Act. This kind of permit also ensures that the construction or reconstruction will not cause the deterioration or destruction of the environment. There is also need to add to the application of support the environmental impact assessment statement (if required according to national legislation) which also guarantees that the investment object will not cause the deterioration or destruction of the environment.

In order to approve and implement the best projects applications are evaluated and ranked according to respective measure-specific assessment criteria if necessary.

Common Agricultural Policy

Within the ERDP measures it will be ensured that the activities supported from the funds intended for rural development do not get support from any other CAP financial instrument. The measures taken to preclude duplication have been described in concrete measures and in Chapter 10. The ERDP does not support productivity investments in the aquaculture, as this is the responsibility of the European Fisheries Fund.

Commitment period

As regards the agri-environmental support, the support for less-favoured areas and the animal welfare support (support for grazing animals), the producer takes the commitment to follow the support requirements at least five years.

Replacement of commitments

According to Article 11 of Commission Regulation (EC) No 1320/2006, a Member State should be able to allow the conversion of the agri-environmental and animal welfare

commitments taken under Council Regulation (EC) No 1257/1999 to new commitments in general for five to seven years (referring to Council Regulation (EC) No 1698/2005), provided that with new commitments, the environment and animal welfare will be improved. The applicant may replace the ERDP 2004–2006 commitment of the support for less-favoured areas by the ERDP 2007–2013 commitment of the support for less-favoured areas, the commitment of environmentally friendly production may be replaced by the ERDP 2007–2013 commitment of the support for environmentally friendly management or of the support for organic production and the ERDP 2004–2006 commitment of organic farming may be replaced by the ERDP 2007–2013 commitment of organic production without any recovery of the support paid in previous years for the area of agricultural land replaced as required. The recipient of the support may also replace the ERDP 2004–2006 commitment of the support for less-favoured areas and the commitment of the support for environmentally friendly production or organic farming with the commitment of the support for the maintenance of semi-natural habitats under the ERDP 2007–2013. The commitment concerning the animals of endangered breeds taken under the ERDP 2004–2006 may be replaced by an applicant with the commitment under the ERDP 2007–2013.

Increase, reduction and termination of commitment

In comparison with the primary commitment, the applicant may increase the area of agricultural land subject to the commitment under the support for less-favoured areas or the agri-environmental support up to 30% or by 2 hectares or in case of endangered local animals, the number of animals may be increased up to 30% or by 2 animals. Thus, the duration of the commitment period will remain the same. If the area of agricultural land under commitment or the number of animals is increased more than the above mentioned limit, another 5-year commitment period will begin for the applicant.

The applicant may decrease the area of agricultural land subject to the commitment under the support for less-favoured areas or the agri-environmental support or the number of endangered local animals up to 30% without any recovery of the support already paid for this land or those animals. If the commitment decreases beyond the level referred to above, the support paid for agricultural land or animals concerning the amount exceeding the mentioned level will be recovered.

The support will not be recovered in case of *force majeure* or some exceptional circumstances, which according to Article 47 of Commission Regulation (EC) No 1974/2006 are in particular:

- applicant's death;
- applicant's long-term incapacity for work;
- expropriation of an essential part of an agricultural holding, if it could not be foreseen on the day of taking the commitment;
- serious natural disaster, which causes serious damage to the land belonging to the agricultural holding;
- destruction of the livestock buildings belonging to the agricultural holding as a result of an accident;
- epizootic disease, causing damage to the whole herd belonging to the agricultural holding, or to a part of this herd.

In justified cases Paying Agency has the right to make exceptions not mentioned as a cases of *force majeure* or cases in the list of exceptional circumstances.

Neither is the support recovered, if agricultural land is not eligible any more and the land under commitment so far is subject to deletion from the register of agricultural supports and reference parcels.

If an applicant applies for support for the land eligible for the support for semi-natural habitats, regarding this land, the agri-environmental support commitment taken for less-favoured areas, environmentally friendly production or organic production under the ERDP 2004–2006 will terminate without any recovery of the support paid for the duly replaced agricultural area in previous years. The respective commitments of the ERDP 2007–2013 will be also terminated.

If within the term of validity of the commitment taken to meet the support requirements, the applicant will transfer agricultural holding or a part of it to another person, the commitment may be taken over by this person for the remaining period of time according to Article 44 of Commission Regulation (EC) No 1974/2006. If the commitment is not taken over, the applicant will repay the support paid.

The support is not recovered, if the applicant who has fulfilled the commitment in the course of at least three years, ends agricultural activity and applicant's legal successor cannot take the given commitment over.

Cross-compliance requirements

Cross-compliance requirements influencing the implementation of the rural development measure are equivalent to the requirements provided in Council Regulation (EC) No 1782/2003.

The cross-compliance requirements provided in Articles 4 and 5 of Council Regulation (EC) No 1782/2003 must be met by the applicants for the support for less-favoured areas, for Natura 2000 support payments for agricultural land and private forest land, for the agri-environmental support, for the animal welfare: support for grazing animals and for the support for the establishment of protection forest. According to Article 5 and Annex IV of the given Regulation, the good agricultural and environmental conditions must be followed with regard to all the commitments taken for 2007–2013. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003 will be applied to the commitments taken in 2007–2013. Cross-compliance requirements are given in Annex 3.

However, from the moment of applying for agri-environmental support, those cross-compliance requirements which are a precondition for receiving support in relation to following additional environmental requirements, will be controlled.

The applicants for the support for less-favoured areas, Natura 2000 support for agricultural land and support for keeping animals of local endangered breeds must follow the good farming practice requirements described in Annex 3 until the statutory management requirements will come into force.

If the requirements provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003 as well as the baseline requirements for the use of fertilizers and plant protection products and the other relevant statutory requirements provided by national law, in case of which the agri-environmental and animal welfare commitments (requirements) proceeding from those requirements are more extensive than the requirements serving as the basis for support payments, are amended, the commitments taken will be adjusted according to Article 46 of Council Regulation (EC) No 1974/2006. If such an adjustment is not acceptable by the applicant, the commitment shall expire and reimbursement shall not be required in respect of the period during which the commitment was effective.

Calculation of support rates

According to Article 48 (2) of Commission Regulation (EC) No 1974/2006, Audacon Estonia Ltd has conducted expert analysis of the support rates of the payments calculated under

Articles 38, 39, 40, 43 and 46 of Council Regulation (EC) No 1698/2005, to justify and approve the sufficiency and accuracy of those payments.

In addition to the specialists of the Ministry of Agriculture, experts from the Rural Economy Research Centre and the Centre for Ecological Engineering participated in the calculation of the support rates of the agri-environmental support. The data of the Statistics Estonia, the Estonian Animal Recording Centre, the Agricultural Research Centre, the Plant Production Inspectorate, the Estonian Institute of Economic Research and the Jõgeva Plant Breeding Institute were also used.

In calculating the support rates for the support for the maintenance of semi-natural habitats, the study “Cost of the maintenance and restoration of semi-natural habitats and comparison with the valid support rates” made in 2006 by the Tallinn University of Technology Centre for Economic Research to the order of the Ministry of the Environment served as the basis. In addition to the specialists of the Ministry of Agriculture and the Ministry of the Environment, the experts of the Centre of Forest Protection and Silviculture also participated in the calculation of the support rates of the measures directed at the sustainable use of forest land.

Monitoring and evaluation

At the request of an authority or enterprise conducting the monitoring or evaluation, the applicant or beneficiary must provide information related to the monitoring or evaluation of support. The applicant or beneficiary must also allow of the performance of the activities related to evaluation in the holding.

Main requirements for the recognised producer group

A producer group is a union joining agricultural entrepreneurs for the purpose of commonly marketing agricultural products produced by its members and products resulting from the processing of agricultural products.

- A producer group must consist of at least 5 entrepreneurs engaged in the field of agriculture, whose sales revenue during the last two financial years from the sales of the self-produced agricultural products and of processed self-produced agricultural products formed at least 50% of the total sales revenue of the entrepreneur and exceeded 6 391 EUR (100 000 EEK) per financial year.
- A member of a producer group is an entrepreneur in the sense of Section 1 of the Commercial Code.
- A producer group ensures that its member sells through the producer group at least 80% of those self-produced agricultural products and processed self-produced agricultural products with which it is a member of the producer group. A member of producer groups active in the sector of organic farming has to sell through the producer group at least 50% of those self-produced agricultural products and processed self-produced agricultural products with which it is a member of the producer group.
- The annual return on the sales of marketed agricultural products and of processed agricultural products of a producer group has to be at least 127 823 EUR (2 000 000 EEK).
- The annual return on the sales of marketed agricultural products and of processed agricultural products of a producer group active in the meat, milk, grain, oilseeds and potato sector (exc. in case of organic farming) has to be at least 319 558 EUR (5 000 000 EEK).
- A producer group must be established with a deadline exceeding 5 years.
- A producer group shall establish:

- common rules compulsory for the members relating to the production, processing and common marketing of agricultural products and the order of establishing or changing the common rules;
- an action plan for planning the production, processing and common marketing of agricultural products.

Recognition of producer groups

Recognition of producer groups is a procedure during which the compliance of a producer group with the requirements provided for in the European Union Common Agricultural Policy Implementation Act and in legislation established on the basis thereof and in the ERDP will be assessed. In order to apply for recognition, a producer group shall submit an application to the ARIB. The ARIB shall review an application for recognition and on the grounds of performed controls, a decision on the recognition, refusal to recognise or revocation of recognition will be made. A producer group shall be granted recognition if it complies with the requirements. It shall be granted recognition without a term.

5.3.1 AXIS I – IMPROVING THE COMPETITIVENESS OF THE AGRICULTURAL AND FORESTRY SECTOR

Axis I is targeted at improving the competitiveness of the agricultural and forestry sector. To this end, the following is supported: training and information activities; setting up of young farmers; advisory system and services; modernisation of agricultural holdings; improving the economic value of forests and adding value to forestry products; adding value to agricultural products and non-wood forestry products; development of new products, processes and technologies in the sectors of agriculture, food and forestry; infrastructure of agriculture and forest management. The selection of measures is based on the problems and necessities identified in the ERDS 2007–2013 and in Chapters 3 and 4 of this development plan.

MEASURE 1.1 – TRAINING AND INFORMATION ACTIVITIES (111)

Justification

Getting education in the field of rural economy, incl. the implementation of the principles of lifelong learning, has become more and more essential in rural area, because the importance of access to the newest information and knowledge, together with motivation and skills for promoting innovative ideas and using up to date information, has become greater than ever before. The improvement of sector's competitiveness and also the power to succeed and to adapt are all depending on this.

In the field of training, information and knowledge dissemination, the development and specialisation of agriculture and forestry requires a relevant level of technical and economic training, including knowledge about the latest technologies and sufficient awareness of product quality, scientific research, innovative solutions and sustainable management of natural resources, including the requirements provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003, establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, and the application of the production practices suitable for environmental protection and preservation and improvement of landscape. Therefore, it is necessary to extend training, information and knowledge dissemination activities to all adults

active in the areas of agriculture, food and forestry. Training and information activities include both the issues related to the competitiveness of agriculture and forestry, innovation, knowledge-based management and the issues related to the maintenance of lands and to the agri-environment.

In 2005, the share of managers of agricultural holdings, having basic or full agricultural education, was 32,9%. In 2004, the share of adult population (people of age 25–64) participating in lifelong learning was 6,7%. The objective of the “Lifelong Learning Strategy 2005–2008” is to increase by 2008 the share of the people participating in training to 10%. The Lisbon strategy intends to increase the share of adult training to the level of 12,5% in 2010. In EU-15, the share of managers of agricultural holdings, having agricultural education, is 16,9%.

Thus, a set of measures including training, information and knowledge dissemination must be made available.

Legal basis

Article 21 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

To improve the competitiveness of agricultural, food and forestry sectors through the development of human potential of those sectors.

Specific objectives

- To support the in-service training, retraining and transfer of knowledge of the people employed in the agricultural, food and forestry sectors, with a view to improve their competitiveness on the labour market and to develop their enterprise;
- To support the transfer of knowledge through diffusion of scientific information, scientific achievements and innovative practices among people engaged in agricultural, food and forestry sectors.

Target group

Beneficiaries

- Agricultural produces;
- Private forest holders;
- Employees of agricultural, rural or forest holdings or of agricultural produce or forestry products processing plants;
- Agricultural or rural produce or forestry products processing entrepreneurs;
- Trainers, advisers or information specialists (in case of information activities only).

Minimum requirements for an applicant

- Applicant may be a training institution, research institution or an educational institution (for the purposes of Section 2 of the Adult Education Act).

Supported activities and their short description

Support is granted to compensate for the expenses of training and information activities:

- Trainings for acquisition and improvement of knowledge necessary for economic and professional activities and for retraining and for their transition to the areas of activity and enterprise related to the diversification of rural economy (courses, trainings, training programmes, study tours, expert visits);

- Information activities for dissemination of scientific information and innovative practices as well as about changes in policies and legislation (training and information days, presentations, workshops, seminars, conferences, field trips, coaching/mentoring and individual facilitation);

Support is granted for the development of in-service training system; acquisition and improvement of training materials; e-learning; acquisition of information technology and software for adult education.

Eligible expenditure

Expenses to participate in and to prepare and organise training and information activities:

- lecturer's/tutor's/expert's and training organiser's fee;
- expenses related to the organisation of vocational exams;
- expenses to prepare and acquire training materials, to rent rooms and equipment, and for translation services;
- photocopying of training materials;
- housing and catering expenses of lecturers/tutors and participants;
- travel expenses (incl. international travel expenses) of lecturers, experts, tutors, trainers and participants to the location of training;
- expenses to notify of trainings or information events.

The applicant can arrange tendering to choose training organizers.

Expenses to develop the training system:

- expenses to acquire information and training materials (incl. books, brochures, manuals, periodicals), to multiply and print;
- expenses to prepare electronic and printed information and training materials (incl. books, brochures, manuals, periodicals);
- expenses for investment in equipment and to acquire software;
- expenses to develop the training programme.

The following activities are not supported under this measure:

- formal education acquired within the education system;
- language training;
- computer training;
- training to get a driving licence;
- training and retraining of unemployed persons.

The activities financed from other public funds or by an EU institution or fund are not considered to be eligible.

Support payments

Maximum support rates and amounts of support payments

As regards the activities referred to in the measure, up to 100% of total eligible expenses are supported.

- Training: not more than 96 EUR (1500 EEK) per one training day within Estonia or 192 EUR (3000 EEK) per one training day outside Estonia for one participant. In case training taking place outside Estonia, study trips are supported for the maximum of 9 days.
- Information days: not more than 1600 EUR (25 000 EEK) per one information day. The minimum number of participants in an information day is 10 persons.

- Other information activities (conferences; use of tutors, expert visits from other countries) – up to 19 173 EUR (300 000 EEK) per activity.
- Development of training network – up to 19 173 EUR (300 000 EEK) per activity. The main cost is the preparation and publishing of training and information materials (incl. books, manuals, brochures, periodicals).

Target area

The measure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of participants in training	by 2013 – 20 000
	Number of training days received	by 2013 – 500
Result indicator	Number of farmers and forest holders that successfully ended a training activity	by 2013 – 8000
Impact indicator	Change in gross value added per full time equivalent	by 2013 – +25 %

Additional indicators

Type of indicator	Indicator	Target 2007–2013
Impact indicator	Share of managers of agricultural holdings with basic or full education	by 2013 – 47 %
	Share of adult population, participating in life-long learning	by 2013 – 14 %

Processing of applications

Required documents

To be provided in an implementing regulation.

Paying Agency

The Agricultural Registers and Information Board (the ARIB).

Application assessment procedure

The ARIB verifies the conformity of the applicant and the activity to be supported with the requirements provided in the ERDP and relevant valid legal acts. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, rankings of eligible applications will be prepared on the basis of the assessment criteria in the project assessment committees. A committee for the assessment of applications concerning activities of national scope will be established at the Ministry of Agriculture. For the assessment of applications concerning county-specific activities, a committee will be established in the corresponding county.

Primarily, the following aspects are assessed:

- target group, incl. preference to young entrepreneurs or entrepreneurs in start-up phase;
- priority of training topics;
- previous experience and competence of applicants and lecturers;
- justification of the budget.

MEASURE 1.2 – SETTING UP OF YOUNG AGRICULTURAL PRODUCERS (112)

Justification

In Estonia, the age structure in the field of agriculture is comparable to the EU-15 structure. The share of sole holders of agricultural holdings, aged under 35, was 10% of the total number of agricultural entrepreneurs, the share of sole holders of agricultural holdings, aged over 55, was 55%. Compared to EU-15, where the ratio of sole holders aged under 35 to sole holders aged over 55 is 0,12, in Estonia, the relevant figure is 0,19. Thus, participation of younger generation in agriculture needs to be stimulated.

According to the data of the structure survey of 2005, there were 6725 professional business entrepreneurs in Estonia, who received the main part of their income from agricultural production (larger than 2 ESU). The number of sole holders of agricultural holdings, aged under 40, was 1680, comprising only 25% of all owners. The entrepreneurs aged 55 and more made up 58% of all self-employed persons.

Upon developing this measure, the need for increasing the share of young agricultural producers by 2–3% annually was taken as the basis. At the same time, the measure supports young agricultural producers in making additional investments, of which the need results from the new veterinary, plant health, animal welfare, hygiene, and environmental standards.

Legal basis

Article 22 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of this measure is to facilitate setting up of young agricultural producers and to contribute to the change of generations in agriculture.

Specific objectives

- To assist young agricultural producers in starting an agricultural holding;
- Further structural adjustments to enterprises of young agricultural producers;
- To expand employment opportunities to young people;
- To involve young people in the development of rural community.

Target group

Beneficiaries

- Agricultural sole proprietors and private limited companies with natural person shareholders (starting agricultural production/already active). Applicants may take over an agricultural holding;

Minimum requirements for an applicant

- Sole proprietor or all shareholders of a private limited company are younger than 40 years at the moment of applying;

- Sole proprietor or a shareholder of a private limited company is starting activities as a manager of an agricultural holding for the first time;
- If a young agricultural producer is not the sole manager of an agricultural holding, specific conditions equivalent to the conditions required from a young agricultural producer starting as the sole manager of an agricultural holding will apply (Article 13 of Commission Regulation (EC) No 1974/2006);
- Applicant must submit a business plan concerning the development of applicant's agricultural activity, which should include the description of the situation of the agricultural holding and the activities contributing to the promotion of the economic viability of the holding, with objectives and the dates of performance and with details on the investments, training, advice or other activities necessary for the development of the holding. Compliance with the business plan will be assessed by ARIB no later than five years from the date of the individual decision granting support according to the Article 13 of Commission Regulation (EC) No 1974/2006;
- Sole proprietor or all shareholders of a private limited company must have appropriate professional skills and competence A period not exceeding 36 months may be allowed from the date the individual decision to grant support is taken in order to meet the conditions relating to occupational skills and competence referred to in Article 22(1)(b) of Regulation (EC) No 1698/2005, if the young farmer needs a period of adaptation in which to set up or to restructure the holding, provided that the business plan referred to in point (c) of that paragraph provides for such a need;
- Applicant must be able to prove the economic sustainability of his/her enterprise for the next 5 years and by the end of the fifth calendar year following the reception of support applicant's sales revenue from agricultural activity must make up at least 80% of the support amount granted.

The conditions of the support for setting up of young agricultural producers will be provided by the regulation of the minister of agriculture.

Definition of setting up

The applicant must set up an agricultural holding for a minimum period of five years according to the business plan. By the end of the calendar year following the year of applying, the required return on sales from agricultural activity is at least 2400 EUR (37 552 EEK). If the return on sales attained by a sole proprietor, private limited company or a shareholder of a private limited company is 2400 EUR (37 552 EEK), it is regarded as setting up of agricultural activity under this measure.

The applicant must submit an application for entering data in the register of supports and field massifs. An animal keeper starting animal keeping and not yet registered in the ARIB register of animals, shall fill in a corresponding application form and shall undertake to maintain records on his/her agricultural animals.

Support payments

Maximum amount of support payment

Support payment is made as one-off payment of up to 40 000 EUR (625 864 EEK).

State financing schemes

Additionally, young agricultural producer can use the loans, securities and other instruments supporting enterprise, granted by the Rural Development Foundation (the RDF). Young agricultural producers who have already received support under measure 1.2 or whose applications have been approved, can additionally use soft loans and securities foreseen for young agricultural producers and granted by the RDF.

This advantage should not exceed 15 000 EUR (234 700 EEK), which conforms to the maximum setting up limit provided in Council Regulation (EC) No 1698/2005.

Target area

The measure is implemented in Estonian rural area.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of assisted young agricultural producers	312–350
	Total volume of investment (EUR)	12 470 840
Result indicator	Increase in agricultural gross value added in supported farms, %	10
Impact indicator	Net additional value added expressed in PPS (% of the average level of EU-25)	65
	Change in gross value added per full time equivalent, %	+ 10–15%

Processing of applications

Documents required

- Application;
- Business plan;
- Documents proving the required education and professional experience in agriculture;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. The applications in conformity with requirements are assessed on the basis of assessment criteria and a ranking list is prepared on the basis of evaluation points. The best applications will be approved. Business plans proving economic sustainability within the following five years since the transfer of the support amount are preferred.

Primarily, the following aspects are assessed:

- competence and experience;
- preference to the applicants who have taken over an operating agricultural holding;
- preference to applicants in economically less-favoured areas.

MEASURE 1.3 – SUPPORT FOR ADVISORY SYSTEM AND SERVICES (114, 115)

Justification

To attain the objective of improving the competitiveness of agricultural and forestry sectors, it is important to direct activities toward the improvement and adjustment of human resources and the quality of agricultural production and forestry.

To attain this objective, high quality demand-oriented advisory service must be provided, so that agricultural producers could always base their production decisions on existing economic, environmental and social requirements.

The establishment of advisory services for agricultural producers and the provision of forestry advisory services to forest holders should help them to adjust, improve and simplify their management and improve the general performance of their enterprises, strengthening the human potential of agricultural and forestry sectors.

A country as big as Estonia needs one strong professional advisory system, which is able to collect and disseminate both top level advice and simpler advice, train both the existing and new agricultural advisers and provide service to larger and smaller entrepreneurs. In the field of information dissemination, the task of the coordinating centre is to instruct advisory centres, to ensure the dissemination of information and to prepare the necessary summaries for assessing the efficiency of advisory services and for planning future activities. To provide high-quality advice in accordance with the expectations of entrepreneurs and forest owners, agricultural advisers must have both good professional knowledge and good advising skills. Forest owners' interest in professional and more extensive advice is continually growing.

The implementation of advisory centres has not yet ensured all-around availability of production and cross-compliance advice offered by the agricultural advisers who have previously been working in free market conditions. The activity of advisory service is not sufficient and thus the activities provided by advisory centres and motivating agricultural advisers must be revised and reorganised.

Legal basis

Articles 24 and 25 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of the measure is to support the availability of advisory services foreseen for agricultural producers and private forest holders. The activities provided in Articles 24 and 25 of Council Regulation (EC) No 1698/2005 – use of advisory services and setting up of management and advisory services – have been placed under this measure. The activities are interdependent as eligible advice is only offered through active centres. Also, advisory centres can not operate without advisors and advisory service. Simultaneous implementation of schemes creates additional synergy.

Activity 1: Granting advisory service to agricultural producers and private forest holders

Specific objectives

- Promotion of advice, to bring the activity of enterprises into accordance with:
 - statutory management requirements and good agricultural and environmental conditions, provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003;
 - occupational safety requirements based on the EU legal acts;
- Promotion of advice, to improve the general performance of an enterprise or activities, taking into account the economic, social and environmental aspects.

Target group

Beneficiaries

- agricultural producers;
- private forest holders.

Minimum requirements for an applicant

Advisory support may be applied for by:

- agricultural producer active in the territory of a village, a town or a small town, owning or using on legal basis at least 0,3 ha of profit yielding land;
- private forest holder, owning or using on legal basis at least 0,3 ha of profit yielding land on the territory of a village, town or small town.

Description of the advisory system

To get appropriate advice, a producer will turn to the advisory centre or to an agricultural adviser. The advisers offering advisory service to agricultural holdings are assembled to advisory centres. To ensure high quality of advice, the attribution of professional title (former certification) to agricultural advisers is effected. The advisers have to prove their capability and pass an exam. Their professional education and professional experience is considered. In addition to giving advice, agricultural advisers aggregate and systematize the needs of producers, regarding applied research, information days and printed material, and pass scientific information on to agricultural holdings.

Forestry advice is mainly offered by the advisers active in forestry associations. Since 2001, the activities have been coordinated and supported by the Private Forest Centre. There are 15 active advisers in the sector of forestry. Under this measure, the advisers assembled to advisory centres offer forestry advice.

Supported activities and their short description

Making individual advisory service available for agricultural producers and private forest holders in the following fields:

- advice for meeting the statutory management requirements and good agricultural and environmental conditions, provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003;
- advice to an enterprise in the field of meeting the requirements proceeding from the Community occupational safety standards and of bringing an enterprise in conformity with those standards;
- advice for improving the general performance of an agricultural holding or a private forest holder with the information about scientific data on different technologies, incl. for changing or restructuring the main activity, or advice for the maintenance of biological diversity.

The activities financed from other public funds or by an EU institution or fund are not considered to be eligible for this measure. The support for advisory service offered from other national measures is not extended to agriculture.

Support payments

Maximum support rates and amounts of support payments

Up to 80% of eligible expenses of advisory service but not more than 1500 EUR (23 460 EEK) a year.

Indicative budget for the individual advisory support (Activity 1) must not exceed ~ 1 900 000 euros (30 000 000 EEK) during the programming period.

Transition methods

The reason for the lower use of individual advice from the ENDP measure 3.8 within 2005–2006 was caused by the interruption of the consistency of advisory support in 2004 (the measure was introduced in the second half-year of 2005), as a result of which many applicants and advisers lost interest in this field. Smaller enterprises did not apply for support as the volume of cost-sharing was too high. Bigger enterprises used advice but did not apply for support, considering the application bureaucracy burden to be too big. A big share of the need for advice is covered by well organised and concentrated input sellers and professional associations.

Within 2005–2007, advisory support was used by approximately 630 enterprises, approximately 1000 applications were submitted. The supported advisory service is directed at the enterprises larger than 2 ESU, but other groups are not precluded either. Group and mass advice methods are directed at smaller enterprises. They are also offered short-term free advice.

Thanks to performing centres and motivated agricultural advisers, but primarily as a result of high quality advice being provided, the number of enterprises using advice and their readiness to pay more for advice will increase.

Target area

The activity is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of agricultural producers supported	by 2013 – 2500
	Number of forest holders supported	by 2013 – 500
Result indicator	Increase in agricultural gross value added by supported farm/forest holders	by 2013 – 10 %
Impact indicator	Change in gross value added per full time equivalent	by 2013 – +10 %

Processing of applications

Documents required

- Application;
- Copy of an invoice or an accompanying document proving the expenses;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

The ARIB verifies the eligibility of the applicant and the application. All applications approved by the ARIB will be satisfied within the limits of the applied amount within the maximum possible amount of support.

Applications will be accepted continually throughout a year. In case the number of applicants is bigger than expected, the following evaluation criteria will be used: preference will be

given to young agricultural producers, to the enterprises which have received environmental support and to the applicants in less-favoured areas.
The more detailed procedure will be established by the implementing regulation.

Activity 2: Development of advisory system for ensuring good availability of advisory service

Specific objectives

Enhancement of the advisory system, to improve the availability of competent information and knowledge for agricultural and forestry holdings.

Target group

Beneficiaries

- advisory centres;
- coordinating centre.

Minimum requirements for an applicant

Support may be applied for by an officially certified advisory centre and co-ordinating centre.

Description of the advisory system

To get appropriate advice, a producer will turn to the advisory centre or to an agricultural adviser. The advisers offering advisory service to agricultural holdings are assembled to advisory centres.

The structure and duties of advisory centres:

Starting from 2005, the minister of agriculture has certified county advisory centres in each county. Most of them are related to producers' and farmers' unions. The basic duty of an advisory centre is to be present in the region and to provide clients with new information, incl. publications. In addition to advice in cross-compliance and other agricultural problems, advisory centres also offer producers broader information and trainings, help to find the necessary information and to understand legal acts, introduce and distribute printed material and organise information events.

The duties of a coordinating centre:

In 2007, an advisory service coordinating centre was established. In addition to the duties of an advisory centre, it also has to ensure the unification of the level of information given by advisory centres, training and in-service training of agricultural advisers, and to organise the communication to advisory centres of the information related to national measures as well as feedback and the arrangement of the schedule of forestry, agricultural and rural economy information days. For coordination activities, sectoral directors (plant production, livestock farming, finance and other rural fields of activity) will be hired to the coordinating centre.

A big task of the coordinating and regional centres is to collect and to forward information and feedback. The tasks look the same, but the level of the activities is different. Advisory centre will collect information and feedback from the local producers and from linked advisors and forward it to the coordinating centre as well as to their own partners. The task of the coordinating centre is to collect information and feedback from the whole state, including from regional advisory centres. The data will be analysed and forwarded to the ministries and other partners in national and international level.

Supported activities and their short description

Development of advisory system (support for the advisory system), in order to ensure good availability of advisory service:

- expenses to facilitate setting-up service;
- development and implementation of advisory tools;
- individual professional development of agricultural advisers and employees of the advisory centre, incl. practice;
- compensation for the expenses related to the practical training of persons contracted by the advisory centre and willing to work as agricultural advisers;
- expenses for the improvement of work environment.

Eligible expenses are the following:

- expenses of the organization of the work of advisory centre;
- staff and material costs related to the development of advisory products;
- expenses of printing and multiplication of the instructions on advisory products;
- advisers' professional training and practice expenses;
- accommodation and transportation expenses of the participants in trainings provided by advisers;
- expenditures on advisory practice mentors and trainee's fee;
- investments into technical facilities and office renovation.

The activities financed from other public funds or by an EU institution or fund are not considered to be eligible for this measure.

Support payments

Maximum support rates and amounts of support payments

Up to 100% of all eligible expenses, but not more than 120 000 EUR (1 877 592 EEK) per advisory centre in the first year, taking into account that this rate will decrease step by step during the maximum of 5 years, starting from the beginning of the referred activities:

- 1st year – up to 120 000 EUR (1 877 592 EEK);
- 2nd year – up to 55 000 EUR (860 563 EEK);
- 3rd year – up to 25 000 EUR (391 165 EEK);
- 4th year – up to 12 000 EUR (187 759 EEK);
- 5th year – up to 6000 EUR (93 879 EEK).

Transition methods

As a result of this measure, in addition to 15 county advisory centres, a more efficient coordinating centre will start work, assembling single advisers of specific fields and organising the unification of the quality of advisory service provided by agricultural advisers.

In the year 2005 the advisory centres were able to apply for setting-up support under NDP measure 3.8 in an amount of up to 8000 EUR (124 000 EEK). 14 advisory centres out of 15 used this opportunity. They used the support mainly for purchasing information technology and office equipment (44,7%) and for hiring technical workers (28%). As the advisory centres have not yet ensured all-around availability of cross-compliance advice, it is necessary to improve the quality and services of the centres as well as their technical equipment.

Resulting from the activity of active centres and motivated advisers and particularly from the offer of high quality advice, the number of enterprises using advice and their readiness to pay more for advice will increase.

Target area

The activity is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of newly set up advisory services	16
Result indicator	Increase in agricultural gross value added by supported farm/forest holders	by 2013 – 10 %
Impact indicator	Change in gross value added per full time equivalent	by 2013 – +10 %

Processing of applications

Documents required

- Application;
- Copy of an invoice or an accompanying document proving the expenses;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

In case of proceeding the application for the support for advisory system, the ARIB verifies the eligibility of the applicant and the application, and if these conform to the requirements provided in the relevant valid legal acts and there are enough funds in the budget of the measure for satisfying the application, the ARIB makes the decision to approve the application.

Maximum amounts of support per financial year will be established for applicants.

The more detailed procedure will be established by the implementing regulation.

MEASURE 1.4 – MODERNISATION OF AGRICULTURAL HOLDINGS (121)

Justification

Agriculture is the branch of economy which has undergone the deepest changes during the transition period. Regardless of the decreased share of agriculture in the economy of Estonia, it has retained its significant role in supplying the population with food, in rural enterprise and in shaping cultural landscape.

The competitiveness of Estonian agriculture has been very low since the beginning of 1990s. Since then, there have been no opportunities for the necessary investments. Thus, 50% of the fixed assets of agricultural holdings have passed their service life.

A comparative analysis of all the tested enterprises of the FADN database indicates that Estonia does not keep up with the average efficiency figures of the EU-15 agricultural holdings. In Estonia, the value of fixed assets per one hectare of usable agricultural area is more than seven times and the level of the provision with fixed assets per one average employee is more than six times lower than the EU-15 average. Big differences in the provision with fixed assets between Estonia and the EU-15 indicate serious disproportion, which cannot be conquered, relying upon the convergence of prices present in the Common Economic Space. At the same time, the difference in actual production outputs (yield, animal

productivity, total production) per one hectare of usable agricultural area is not so big as the difference in the provision with fixed assets.

According to different scenarios, approximately 20 billion EEK must be invested into agricultural production in 2007–2013, of which only a quarter will be related to the new standards.

In the promotion of the competitiveness of Estonian sector of agriculture, the structure of the sector of agriculture and the self-financing capability of agricultural entrepreneurs should also be considered.

According to the FADN data, there are only about 7000 professional commercial enterprises in Estonia, who get most of their income from agricultural production (bigger than 2 ESU).

More than a half of agricultural entrepreneurs (64,1%) belong to the size group of 2–6 ESU, in case of which it can be presumed that their estimated return on sales will be less than 200 000 EEK a year. Adding the size group of 6–25 ESU (whose estimated return on sales can be about 200 000–1 000 000 EEK a year), we shall find that the return on sales of 88,6% of Estonian agricultural entrepreneurs is not bigger than 1 million EEK. At the same time, the total revenue of those two size groups makes up only 28,3% of the standard gross margin of Estonian sector of agriculture, they use 36,1% of agricultural land and 43,8% of labour in annual work units.

Only 10,4% of agricultural holdings belong to the size group of 25–250 ESU (the producers with the return on sales of 1–10 million EEK), but they produce 43,7% of standard gross margin and use 45,4% of agricultural land and 30,6% of labour in annual work units.

Somewhat more than 1,0% of agricultural entrepreneurs belong to the size group of over 250 ESU, but they produce 28,0% of standard gross margin and use 18,5% of agricultural land and 25,6% of labour in annual work units.

The structure of agricultural holdings is more precisely described in Subchapter “Agricultural production” of Chapter 3.1.2 “Situation of agricultural, forestry and food sector”.

An analysis of sustainability based on net value added of agricultural holdings, showed that the smaller agricultural holdings are not sustainable with the same volume and type of production continuing. They don't have enough means for investments and production reorganisation. Medium-sized agricultural holdings also need significant reorganisation, their strengthening and the improvement of their sustainability is extremely important for rural development and competitive sector of agriculture. Besides, the survey of the need for investment in the sector of agriculture made by the Estonian University of Life Sciences indicated that bigger agricultural holdings were relatively better furnished with the machinery, equipment and buildings fit for use than smaller agricultural holdings. Considering that the net value added produced in the sector of agriculture is lower mainly among smaller agricultural entrepreneurs, it is important to increase their competitiveness through the diversification/expansion of agricultural production in the sectors of normal market outlet. Thus, much attention must be paid to improving the competitiveness of smaller agricultural holdings, as a result of which the development of micro agricultural holdings is supported through one submeasure. Micro agricultural holdings will be given an opportunity to diversify their activities or to extend it to non-agricultural fields. For this purpose, the investments of micro agricultural holdings into the diversification of rural enterprise will be supported through Axis III.

Besides the development of micro agricultural holdings, it has to be considered that during the programming period of 2007–2013, new standards for agricultural holdings to be applied and requiring large additional investments to comply with are expected. The obligation to use best available techniques (BAT) accompanied by an integrated environmental permit will be applied to larger stock farmers. According to Council Regulation (EEC) No 2092/91, the organic stock farmers will have to have their tether-keeping sheds rebuilt into free-holding

sheds by 31 December 2010. Besides, at the beginning of the new period, the necessary investments related to the new cross-compliance requirements and the need for investments related to the new poultry breeding requirements in the last years of the new period have to be considered. Additional requirements are also expected from the Community action plan on animal protection and welfare.

Considering that in medium and long term the shortage of investments in the sector of agriculture will jeopardize the competitiveness of agriculture and competitiveness should develop very quickly in the coming years, investments into buildings of long payback period are very important. As a big part of requirements are related to livestock farming, the construction and reconstruction of agricultural buildings and facilities of long pay-back period is supported under one submeasure.

Processing of agricultural and forestry (by)-products into energy is one of the potential areas to diversify agricultural production and to develop new products and production structure. At the same time, the promotion of the use of biofuels contributes to the shaping of an efficient energy market, increasing the share of energy produced from renewable sources. Estonia has potential for the production of renewable energy, increasing the production of biomass on lands out of use. The need for biomass is increasing year by year.

Bioenergy can be produced from biomass produced on abandoned agricultural lands (estimated 400 000 ha). The soil fertility of those lands is often of low site class and those lands consist of small scattered land units. Taking those lands into use requires large investments and marketing certainty (biomass consuming industry). To use better the possibilities of agriculture in the production of renewable raw materials (incl. bioenergy) into non-food and to create new jobs in rural area, investments into the production of bioenergy raw material and of bioenergy from self-produced raw material are promoted. The production of bioenergy close to the location of raw material production is considered to be important for the reduction of negative environmental impact caused by transport. To develop the diversification of agricultural production, investments into the production of bioenergy are also supported through one submeasure. This submeasure is implemented in accordance with the "Development plan for promoting the usage of biomass and bioenergy in 2007–2013". In addition to the above mentioned, the shortage of qualified labour is turning to one of the biggest obstacles to the development of Estonian sector of agriculture.

Legal basis

Article 26 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Common principles regarding all submeasures

In order to increase the number of beneficiaries with the objective to increase the number of competitive agricultural producers, the minister of agriculture may establish a maximum amount of support available to one applicant regarding all submeasures for the programming period.

As a general rule, young agricultural producer who is entitled to receive higher support rate is defined as a sole proprietor younger than 40 years at the time of applying for support. This shall also be applied to companies whose all shares belong to natural persons or shareholders who are younger than 40 years at the time of applying for support, to joint activity organizations if all its members and if all applicants in contractual co-operation correspond to the requirements regarding sole proprietors or companies described above.

In accordance with Article 26(1) of Council Regulation (EC) No 1698/2005, where investments are made in order to comply with Community standards, support may be granted only to those which are made in order to comply with newly introduced Community

standards. For example in submeasure 1.4.2 when bringing manure storages into compliance with the requirements proceeding from the Water Act or in case of enterprises with an integrated environmental permit obligation to meet the requirements proceeding from the Integrated Pollution Prevention and Control Act (which in their turn proceed from the Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources and Council Directive 96/61/EC, concerning integrated pollution prevention and control respectively). In that case, a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the agricultural holding, may be provided to meet that standard.

Objectives

Overall objective

The overall objective of this measure is to improve the competitiveness of agricultural production through the diversification of agricultural activities, the promotion of agriculture meeting the relevant standards and through the promotion of the usage of biomass.

To attain the overall objective, agricultural producers are supported by three submeasures.

SUBMEASURE 1.4.1 – INVESTMENTS INTO THE DEVELOPMENT OF MICRO AGRICULTURAL HOLDINGS

Specific objectives

- Increase in the level of technology, modernisation of agricultural sector and improvement of production quality;
- Contribution to the improvement of environment and animal welfare and to meeting relevant standards;
- Maintenance of employment and stimulation of the creation of new jobs in agriculture;
- Maintenance of traditional cultural landscape by more environmentally friendly cultivation methods;
- Contribution to the processing of self-produced agricultural produce and thus to the increase in the value added produced by agricultural entrepreneurs.

Target group

Beneficiaries

- Micro agricultural producers (including joint activity organisations of micro agricultural producers) with up to 10 employees and annual return on sales with other business income and the volume of annual balance not exceeding 2 million EUR (31,2932 million EEK). Besides, the annual return on the sales of micro agricultural producers' self-produced agricultural products or of processed self-produced agricultural products should be more than 2400 EUR (37 552 EEK). Micro agricultural producer has to gain profit, but its annual net profit should not exceed 1 million EEK.

Larger business associations or other legal persons than the micro agricultural producer for the purposes of this submeasure and natural persons active in agricultural production as self-employed persons, of which annual return on sales with other business income, the volume of annual balance and the number of employees is bigger than that of the micro agricultural producer for the purposes of this measure must not have bigger participating interest than 25%.

- If support is applied for by a parent undertaking or a subsidiary belonging to a group of undertakings, the size of this group of undertakings should not exceed the limits established for a micro agricultural producer.
- Two or more micro agricultural producers together can apply for support to one investment object, if this investment object is or will be after the investment in their common ownership.

Minimum requirements for an applicant

- More than 50% of the sales revenue of the micro agricultural producer applying for support must come from the sales of self-produced agricultural products or of processed self-produced agricultural products.
- Investment must improve the competitiveness of the micro agricultural producer.
- Submitted business plan must *inter alia* include details about the planned investment and must indicate the objectives to be attained by the investment.
- Micro agricultural producer must meet the environmental, hygiene and animal welfare standards, established by law.
- Micro agricultural producer has no tax arrears (save staggered tax arrears).

The conditions for the support for investments into the development of micro agricultural producers will be specified by the implementing regulation, if necessary.

Supported activities and their short description

For the improvement of the competitiveness of micro-enterprises through diversification and/or for production expansion in sectors with normal market output the following is supported:

- Construction and reconstruction of agricultural production buildings and facilities (except the livestock buildings and facilities) (incl. driers, storage facilities, greenhouses and the buildings necessary for processing self-produced agricultural produce referred to in Annex I of the EC Treaty) (incl. construction and reconstruction of power systems, construction and reconstruction of water supply and sewerage systems, connection to power, water supply and sewerage network, construction and reconstruction of access roads, construction and reconstruction of sewage treatment systems), in order to reduce environmental damages, to increase technological level, to improve product quality and to increase the competitiveness of micro agricultural producers by that;
- Construction and reconstruction of buildings and facilities, purchase and construction of cages and related systems necessary for livestock farming (except livestock buildings or facilities for cattle, pig, sheep, goat, horse or poultry or construction or reconstruction of manure, silage or feeding stuffs storage facilities appertained to them or stationary technological equipment), in order to bring the production into conformity with the EU environmental, hygiene, veterinary and animal protection requirements and to increase the competitiveness of micro agricultural entrepreneurs-livestock farmers;
- Purchase of machinery and equipment necessary for agricultural production (incl. used machinery and equipment) (incl. the machinery and equipment necessary for the self-produced products referred to in Annex I of the EC Treaty and plant protection and seed growing technology) (also incl. traditional agricultural machinery and equipment, which are planed to use for production of raw material for biofuels or bioenergy, but except investments into the buildings, machinery and equipment which will be used for production of biofuel, bioenergy or raw material of biofuel or bioenergy and supported by the submeasure of investments into the production of bioenergy), in

order to reduce environmental damages, to increase technological level, to improve product quality and to increase the competitiveness of micro agricultural producers by that;

- Purchase of propagating material necessary for the establishment and expansion of orchards and berry plantations; purchase of plantation enclosures and constructions; purchase of apicultural and mushroom growing objects, in order to stabilize the income of micro agricultural holdings, to improve product quality and to increase the competitiveness of micro agricultural producers by that;
- Preparatory works for an investment (e.g. geodetic surveys, etc.) and owner supervision during the construction of investment object.

Double financing with other measures, submeasures or any other CAP financial instruments, also with other financial resources from state budget, EU support funds, other international organization budgets or other non-returnable state-aid must be avoided. To this end, any limitation of Community support under the common market organizations is taken into account.

Support payments

Maximum support rates

Upon determination of support payments, it is kept in view that public sector contribution under this measure should not exceed:

- 40% of the cost of investment;
- 50% of the cost of investment in less-favoured areas or for young agricultural producers outside less-favoured areas;
- 60% of the cost of investment for young agricultural producers in less-favoured area.

Upon purchase of tractors, it is kept in view that public sector contribution should not exceed:

- 35% of the cost of investment;
- 45% of the cost of investment in less-favoured areas or for young agricultural producers outside less-favoured areas;
- 55% of the cost of investment for young agricultural producers in less-favoured area.

Maximum amount of support payments

- Up to 100 000 EUR (1 564 660 EEK) during the programming period;
- In case of the joint activity organisations of micro agricultural producers or in case when three or more micro agricultural producers applying the support together to the the investment object, which is or will be after investment in common ownership, up to 300 000 EUR (4 693 980 EEK) during the programming period.

In case of the purchase of used machinery and equipment, maximum amount of support is 20 000 EUR (312 932 EEK) during the programming period.

A micro agricultural producer may apply for investment support alone, through the joint activity organisation of micro agricultural producers or together with other micro agricultural producers. The total amount of support payments for one agricultural producer must not exceed 200 000 EUR (3 129 320 EEK) during the programming period.

The sum applied for by micro agricultural producers being parties of a group of undertakings may total to 100 000 EUR (1 564 660 EEK) per group of undertakings within the programming period.

State financing schemes

Additionally, agricultural producers can use the loans, securities and other instruments supporting enterprise, granted by the Rural Development Foundation (the RDF). Agricultural producers who have already received support under measures 1.2 or 1.4 or whose applications have been approved, can additionally use soft loans and securities granted by the RDF.

Target area

The submeasure is implemented in Estonian rural area (rural municipalities, except cities within rural municipalities).

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicators	Number of farm holdings supported	2100 / programming period
	Total volume of investment	210,9 million EUR (3300 million EEK)/ programming period
Result indicators	Number of holdings introducing new products or techniques	700/programming period
Impact indicators	Net value added, PPS	increase by the end of the programming period
	Change of gross value added per full time equivalent	increase 40% by the end of the programming period

Processing of applications

Documents required

- Application;
- Business plan;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. The best applications will be approved.

Primarily, the following aspects are assessed:

- preference to micro agricultural producers by annual return on sales;
- preference to micro agricultural producers not having received support for investments into agricultural production earlier;
- preference to young agricultural producers;

- preference to investments directed at agricultural produce processing, horticulture, apiculture and mushroom production (processing of organic products or the diversification of organic production are preferred);
- preference to joint activities;
- preference to micro agricultural producers whose sales of self-produced agricultural products or of processed self-produced agricultural products makes up a bigger part of their total sales revenue;
- preference to micro agricultural producers who apply for a smaller amount of support.

SUBMEASURE 1.4.2 – INVESTMENTS IN LIVESTOCK BUILDINGS

Specific objectives

- To improve competitiveness, incl. promoting the implementation of new technologies and innovations;
- To contribute to the conformity with the requirements related to the improvement of environmental and occupational safety and animal welfare.

Target group

Beneficiaries

Agricultural producers, joint activity organisations of agricultural producers and independent agricultural producers in contractual co-operation active in raising cattle, pigs, sheep, goats, horses or poultry.

Minimum requirements for an applicant

- Investment must improve the competitiveness of the enterprise;
- In case of enterprises with the obligation to have an integrated environmental permit, the investment must meet the BAT requirements;
- Submitted business plan must *inter alia* include information about the existing agricultural fixed assets of the applicant, as well as details about the planned investment and must describe the objectives to be attained with the investment;
- Livestock building must be registered as required;
- Agricultural producer must meet the environmental, hygiene and animal welfare standards, established by law;
- As regards the investment object, no decisions have been made on the approval of application or on support payment within the framework of other support schemes.

Amendments to the minimum requirements for an applicant can be provided in the implementing regulation, if necessary.

Supported activities and their short description

Investments into construction and reconstruction of livestock buildings are supported.

Supported investments can be as follows: a design project, construction or reconstruction of a livestock building, construction or reconstruction of a manure, silage and fodder storage facility and its equipment, farm equipment (incl. washing equipment, freezing equipment, scrapers, stationary feeders and drinking devices, ventilators, mats, vacuum devices, incubators, etc.). A more specific list of eligible investments will be included in the implementing regulation.

In case of agricultural producers with the obligation to have an integrated environmental permit, the investments meeting the BAT requirements will be supported. The applicant may not have violations concerning the standards of animal welfare, food hygiene and

environment or the source of the violations has been corrected. Double financing with other measures will be avoided.

Support payments

Maximum support rates

In awarding the amounts of support, it is kept in view that the payments should not exceed:

- 40% of the cost of investment;
- 50% of the cost of investment in less-favoured area or for young agricultural producers outside less-favoured area;
- 60% of the cost of investment for young agricultural producers in less-favoured area, and the cost of individual lying area established according to the type of production. The more specific support rates will be provided in the implementing regulation.

Maximum amount of support payments

Maximum amount of support payment will be 500 000 EUR (7 823 300 EEK) within the programming period 2007–2013.

State financing schemes

Additionally, agricultural producers can use the loans, securities and other instruments supporting enterprise, granted by the Rural Development Foundation (the RDF). Agricultural producers who have already received support under measures 1.2 or 1.4 or whose applications have been approved, can additionally use soft loans and securities granted by the RDF.

Target area

The submeasure is implemented in Estonian rural area (rural municipalities, except cities within rural municipalities).

Indicators and target levels

Type of indicator	Indicator	Target
Output indicators	Number of farm holdings supported	600/ programming period
	Total volume of investment	134 million EUR (2097 million EEK)/ programming period
Result indicators	Number of holdings introducing new products or techniques	200/programming period
Impact indicators	Net value added, PPS	increase by the end of the programming period
	Change of gross value added per full time equivalent	increase 40% by the end of the programming period

Processing of applications

Documents required

- Application;
- Business plan;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. The best applications will be approved.

The main evaluation criteria are the following:

- preference to agricultural producers not having received support for investments into agricultural production;
- preference to young agricultural producers;
- preference to organic producers;
- preference to agricultural producers whose sales revenue from the sales of self-produced products or of processed self-produced products makes up a larger part of the total sales revenue;
- preference to applicants with higher economical efficiency;
- preference to applications with lower support rate applied for.

Amendments to evaluation criteria can be provided in the implementing regulation, if necessary.

SUBMEASURE 1.4.3 – INVESTMENTS INTO THE PRODUCTION OF BIOENERGY

Specific objectives

- New market for agricultural entrepreneurs;
- Introduction of new technologies;
- Increase in the competitiveness (i.e. income) of agricultural entrepreneurs;
- Maintenance of the environment;
- Maintenance of landscape;
- Supply certainty of raw material for energy production;
- Diversity of energy sources;
- Distributed energy production.

Target group

Beneficiaries

- Agricultural producers;
- Joint activity organisations of agricultural producers and independent agricultural producers in contractual co-operation. All members of the organizations applying for support in the framework of such joint activity must be agricultural producers.

Minimum requirements for an applicant

- More than 50% of the sales revenue of the agricultural producer applying for support must come from the sales of self-produced products or of processed self-produced products;
- The objective of the agricultural producer applying for support is that predominant share of produced bioenergy will be used on-farm;
- Investment must enhance the competitiveness of an agricultural producer;

- Submitted business plan must *inter alia* include information about the details of the planned investment and must present the objectives to be attained by the investment;
- Agricultural producer must prove the existence of the necessary equipment and/or the existence of sufficient commercial outlets (supply contracts, sales statistics, etc.);
- Agricultural producer must meet the minimum environmental, hygiene and animal welfare standards, established by law;
- Agricultural producer must have education in agriculture, experience in work in the sector of agriculture or farm-worker I by Estonian professional qualification;
- Agricultural producer has no tax arrears (save staggered tax arrears);
- As regards the object of the investment, no decisions have been made on the approval of application or on support payment within the framework of other support schemes.

The conditions for the support for investments into the production of bioenergy will be specified by the implementing regulation, if necessary.

Supported activities and their short description

Investments directed at the cultivation and processing of biomass and production of bioenergy will be supported, incl. the following:

- construction of buildings and facilities for the processing of biomass and for the production of bioenergy;
- construction of access roads to the building;
- construction of water supply and sewerage systems linked to the building, purchase and installation of sewage treatment systems and related equipment (incl. connection to water supply and sewerage systems);
- construction of electrical installations linked to the building and the purchase and installation of related equipment (incl. connection to electric power systems) if prescribed by the building design project based in conformity with the Building Act;
- purchase and installation of equipment and machinery for the cultivation of energy shrubs, processing of biomass and production of bioenergy (except traditional agricultural machinery and equipment supported under submeasure 1.4.1, which could be used for the production of biomass);
- purchase of fast-growing young plants and nursery cuttings for the establishment of short-term cultivation energy shrub plantations;
- preparatory works for an investment (e.g. geodetic surveys etc.) and owner supervision during the construction of investment object.

Double financing with other measures, submeasures or any other CAP financial instruments, also with other financial resources from Structural Funds, Cohesion Fund or other EU support funds or international organization or state budget or local government budget must be avoided. To this end, any limitation of Community support under the common market organizations is taken into account.

Support payments

Maximum support rates

Upon determination of support payments, it is kept in view that public sector contribution under this measure should not exceed:

- 40% of the cost of investment;
- 50% of the cost of investment in less-favoured area or for young agricultural producers outside less-favoured area;
- 60% of the cost of investment for young agricultural producers in less- favoured area.

Maximum amounts of support payments

- Up to 300 000 EUR (4 693 980 EEK) during the programming period;

An agricultural producer may apply for investment support alone, through agricultural producers' joint activity organisations or through contractual co-operation of independent agricultural producers. The total amount of support payments for a single applicant must not exceed 300 000 EUR (4 693 980 EEK).

State financing schemes

Additionally, agricultural producers can use the loans, securities and other instruments supporting enterprise, granted by the Rural Development Foundation (the RDF). Agricultural producers who have already received support under measures 1.2 or 1.4 or whose applications have been approved, can additionally use soft loans and securities granted by the RDF.

Target area

The submeasure is implemented in Estonian rural area (rural municipalities, except cities within rural municipalities).

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicators	Number of farm holdings supported	180/programming period
	Total volume of investment	46 million EUR/ programming period (720 million EEK/ programming period)
Result indicators	Number of holdings introducing new products or techniques	180/programming period
Impact indicators	Net value added expressed in PPS	increase by the end of the programming period
	Change in gross value added per full time equivalent	increase 40% by the end of the programming period

Processing of applications

Documents required

- Application;
- Business plan;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. The best applications will be approved.

The main evaluation criteria are the following:

- preference to projects with larger impact on the reduction of CO₂ emissions;
- preference to agricultural producers not having received support for investment into agricultural production;
- preference to young agricultural producers;
- preference to co-operation;
- in the production of bioenergy preference in case the origin of raw materials is within a radius of 50 km;
- preference to raw materials of agricultural origin (incl. from the forest of the agricultural producer);
- preference to marketing of biomass within a radius of 150 km of the place of production;
- preference to agricultural producers active in the LFA area;
- preference to projects resulting in new jobs;
- preference to agricultural producers who apply for a smaller amount of support.

MEASURE 1.5 – IMPROVING THE ECONOMIC VALUE OF FORESTS AND ADDING VALUE TO FORESTRY PRODUCTS (122, 123, 226)

Justification

The Forest Act provides several obligations to forest owners related to the management of their forests, but at the same time the economic capabilities of private forest owners for managing their forests are rather low as forest management investments are of long payback period. A big part of the technology used in forest management is obsolete as the purchase of necessary modern technology very often goes beyond the powers of private forest owners or is inexpedient. Often, private forest owners lack the necessary skills and experience for managing their forests. The results of the forest inventory made in 2004 showed that leaving 130 000 ha of forest (incl. 83 000 ha of private forest) unmaintained caused a noticeable economic loss. In the recent years, there have been many forest damages in private forests (primarily due to storms, forest fires, game damages and root rot), of which the remedy is difficult due to large expenses needed. At the moment new Forest Fire Prevention Plan 2008–2013 is being prepared by the Ministry of the Environment in co-operation with the Ministry of Agriculture and Estonian Rescue Board.

The problems of the forestry sector of Estonia are the following: raw material prices reach the level of world market prices, low availability of high quality raw materials, low quality of labour force and high staff turnover. With the increase in cost of living, energy prices, pollution charges and wages and with stricter environmental requirements production costs in forestry also go up.

In 2003, a little more than 700 micro-enterprises were active in wood processing in Estonia, of which 280, i.e. about 40%, were active in rural area. According to the data of 2003, the survival rate of Estonian enterprises is 54%, which means that only a half of the established enterprises are active and sustainable after three years. Therefore, it is very important to contribute to the development of economic activities adding value to the forestry products of sustainable micro-enterprises.

According to the results of the survey of the background of the potential applicants for the ENDP measure 3.7 “Forestry” (conducted by the survey centre Klaster), most support is needed for the maintenance of young growth and for the purchase of plants for the restoration of forest destroyed by storm or forest fire or for reforestation. In the new programming

period, the activities implemented under measure 3.7 “Forestry” have been planned for the given measure, save the support for forestry associations.

Legal basis

Articles 27, 28 and 48 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of the support for improving the economic value of forests and adding value to forestry products is to improve the competitiveness of private forest owners (both natural persons and legal persons governed by private law), non-profit associations and commercial associations (forestry associations) of forest owners, and micro-enterprises active in industrial production of wood and in forest management.

The activities directed at the improvement of the economic value of forest, at the restoration of the forest damaged by natural disasters or forest fires and at the prevention of forest fires ensure the sustainable and efficient management of private forest, promote the maintenance and restoration of biological diversity, wholesome ecosystem and protection function of forest and contributes to the maintenance of employment in rural area, the multifunctional role and the spiritual and cultural heritage of forest.

Support to forestry products processing micro-enterprises will ensure the growth of their general performance and the increase in the value added of forestry products.

Specific objectives

The measure “Improving the economic value of forests and adding value to forestry products” integrates the requirements provided in articles 27, 28 and 48 of Council Regulation (EC) No 1698/2005. They have been put under one heading, considering the principle to cover forest in one place (simple for the applicants) and to use valuable experience received during the implementation of NDP measure 3.7 “Forestry” (similar activities were combined successfully under measure 3.7). On the basis of this, the measure is conditionally divided into the following activities:

Improving the economic value of forests

Specific objectives:

- to improve the production potential of forest, in order to improve the species composition or to preserve the ecological values of forest and to increase the value of the trees left to grow;
- to improve the average profitability of forest management;
- diverse and sustainable management of forest resource;
- prevention of game damages, plant diseases and pest damages.

Restoration of damaged forest and prevention of forest fires

Specific objectives:

- restoration of the production potential of forest damaged by natural disasters or forest fires;
- prevention of forest fires.

Investments into processing methods and technologies improving the general performance of enterprise (development project implementation)

Specific objectives:

- to improve the general performance, competitiveness and export potential of micro-enterprises processing forestry products (except non-wood processing industry);
- to implement new products, processing methods and technologies;
- full use of forest resource;
- to increase the value added of forestry products.

Target group

Beneficiaries

For improving the economic value of forest:

- natural persons, and legal persons governed by private law, who own forest land (private forest owners);
- forestry associations who own forest land, or of which the members own forest land (forestry associations).

For restoring damaged forests and preventing forest fires:

- private forest owners and forestry associations.

For implementing development projects:

- micro-enterprises processing and marketing forestry products.

Minimum requirements for an applicant

For improving the economic value of forest, it is possible to apply for support for forest land for which a forest management plan has been prepared in cases provided in the Forest Act.

Prevention of forest fires is applied in case of forests located in high or medium forest fire risk counties, if the private forest owner guarantees free access to smoking and camp fire areas, parking areas and fire waterpoints.

Development projects are applied to micro-enterprises, which have been active in forestry products processing or forest management in the year preceding the application and whose turnover arising from forestry products processing or forest management makes up at least 50 % of the annual turnover of the financial year preceding the year of applying.

Supported activities and their short description

For improving the economic value of forest, eligible activities/investments are as follows:

- on up to 30 years old forest land, improvement cuttings, lopping of growing trees, reforestation for the improvement of the forest species composition (only after the shelterwood cutting or in case of planting all tree species allowed for reforestation in Estonia (except grey alder, aspen, downy birch, common hazel, bird cherry, rowan and willow) in up to 3 meter wide paths cut in up to 30 years old valueless broadleaved young growths – including the preparation of soil, purchasing and planting of forest tree plants, purchasing and using of forestry accessories for the protection of forest tree plants);
- purchase of forestry machinery, equipment and accessories that do improve the forest production and profitability (incl. reforestational or forest maintenance machinery or accessories);
- prevention of game damage and plant diseases and pest damages, through the purchase and use of necessary accessories (fences, signalisation systems, general

repellents, repellents of fungus causing butt rot, pine weevil and other plant diseases and pest damages).

For restoration of damaged forest and prevention of forest fires, eligible activities/investments are as follows:

- preparation of soil, purchasing and planting of forest tree plants and maintenance of forest plantation, purchasing and using of forestry accessories for the protection of forest tree plants, contribution to natural forest regeneration;
- marking of fire waterpoints and maintenance of access ways to those points, establishment and maintenance of mineralised tracks and firebreaks, purchase and installation of fire risk indications, establishment and marking of smoking and camp fire areas of up to 60 m² (a shelter without any basement and outer walls, a fireproof camp fire place, a cigarette end collection point furnished with sand, a dustbin, a table and benches) and the establishment and marking of stopping or parking areas of up to 20 m² for means of transport, their maintenance, and other similar preventive actions.

For implementation of a development project, eligible activities/investments are as follows:

- investments made by micro-enterprises prior to industrial processing of forestry products (excl. non-wood forestry products such as mushrooms, berries, fur, roots etc.) for the purchase of tangible and intangible assets to acquire and introduce new products, processing methods and technologies (incl. the purchase of movable equipment or machinery (technology for collecting and processing wood chips and waste at the site) for biofuel production and non-movable equipment or machinery for the production of woodpellets, woodbriquette, charcoal and chips. In case of non-movable equipment or machinery the investments shall concern only small-scale, non-industrial investments.).

In conformity with Art. 55(1) of Commission Regulation (EC) No 1974/2006 the investments into the purchase of second-hand equipment or machinery are considered to be eligible in the implementation of a development project. The purchase of second-hand equipment is considered to be eligible if the given object is not older than 3 years (production year) and if the EU, national or foreign aid was not used for its purchase. According to the market prices second-hand equipment or machine is cheaper than the respective new equipment or machine. This means that more micro-enterprises can invest into their production process allowing them to improve and enhance their competitiveness.

Support payments

Maximum support rates and amounts of support payments

Improving the economic value of forest:

- according to Annex of Council Regulation (EC) No 1698/2005, the support rate for improving the economic value of forest and for the prevention of game damage, plant diseases and pest damages is up to 50% of the cost of eligible investments;
- support rate for the purchase of forestry equipment is up to 50% of the cost of eligible investments but not more than 200 000 EUR per one applicant during the programming period.

Restoration of damaged forest and prevention of forest fires:

- support rate for the renewal of natural disaster and fire damaged forest is up to 90% of the cost of eligible investments;

- support rate for the prevention of forest fires is up to 80% of the cost of eligible investments, except the establishment and marking of smoking and camp fire areas, in case of which the support rate is up to 60 % of the cost of eligible investments and not more than 20 000 EUR per applicant during the programming period.

Implementation of a development project:

- according to Annex of Council Regulation (EC) No 1698/2005, the support rate for investments into the development of new products, processing methods and technologies is up to 50% of the cost of eligible investments but not more than 200 000 EUR per one applicant during the programming period.

Target area

The measure will be implemented in Estonian rural area.

Indicators and target levels

Improving the economic value of forest:

Type of indicator	Indicator	Target 2007–2013
Output indicators	Number of holdings supported	3000
	Total volume of investment (EEK)	320 000 000
Result indicators	Increase in the production potential and value of forest (ha)	30 000
Impact indicators	Net value added expressed in PPS	60% of the EU-25 average
	Change in gross value added per full time equivalent	5%

Restoration of damaged forest and prevention of forest fires:

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of prevention/restoration actions	300
	Total volume of investment (EEK)	57 400 000
	Restoration of forest damaged by natural disasters and forest fires (ha)	3 500 ha
Result indicator	Area of forest (ha) under the prevention of forest fires	7000
Impact indicator	Change in high nature value areas	Damaged forest renewal

	Changes in gross nutrient balance	No essential impact
	Increase in production of renewable energy	No essential impact

Implementation of a development project:

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of holdings supported	100
	Total volume of investment (EEK)	212 000 000
Result indicator	Number of micro-enterprises introducing new products or techniques	100
Impact indicator	Change in gross value added per full time equivalent	5% a year
	Net value added expressed in PPS	60% of the EU-25 average

Processing of applications

Documents required

- Application;
- Activity plan/project;
- Other proving documents, if needed.

Paying Agency and implementing authorities

The ARIB, the Private Forest Centre Foundation.

Application assessment procedure

The eligibility of the applicant and the activity to be supported is verified, according to the requirements provided above. For the assessment of applications, more detailed assessment criteria will be established by a regulation of the minister of agriculture, and applications will be assessed if the amounts for the financing of the conformity certified applications exceed the support budget.

For improving the economic value of forest, applicants applying for support for investments in forest land are preferred.

In case of the renewal of damaged forest, applicants with a bigger share of damaged forest in the forest land in their ownership are preferred.

In case of the prevention of forest fires, applicants applying for support for the establishment and maintenance of mineralised tracks and firebreaks and for the maintenance of access ways to fire waterpoints are preferred.

For development project evaluation and ranking, an evaluation committee will be involved.

MEASURE 1.6 – ADDING VALUE TO AGRICULTURAL AND NON-WOOD FORESTRY PRODUCTS¹³ (123)

Justification

The need for the implementation of this measure results from the present situation of the agricultural and forestry produce processing sector. The problem of the sector is low orientation toward the products of high quality and higher value added, low specialisation of enterprises and low efficiency. In addition, the obsolete production and packaging lines and production buildings and storage premises cannot ensure stable product quality in conformity with market requirements. One of the biggest problems of enterprises is insufficient attention to the implementation of new technologies and to product development (incl. organic products, functional food and the products for persons with special requirements). Considering the big need of investments accompanying agricultural produce processing industry since 1990s to this day, it is important to modernise processing industry to improve the competitiveness of agriculture and forest management in 2007–2013. For the better use of the possibilities of agriculture to produce renewable raw materials for non-food production and to create new jobs in rural area, investments of the agricultural product processing industry focused on the production of non-food products and biofuels and on the use of bioenergy/biofuels in production process are promoted. Regarding the development of agricultural production, it is important to use local raw material and market it with more value. Due to the need of resources, the agricultural produce processing enterprises have not made sufficient investments into the attainment of the objectives related to environmental protection, thus more attention should be paid to the introduction of environmentally friendly technology, primarily directed at meeting environmental standards (incl. in the field of waste handling). In the European Union in its entirety, small and medium-sized enterprises of the food sector are lagging behind in putting information and communication technology (incl. e-business applications) into service. Use of information and communication technology promotes the development of enterprise and improves the quality and safety of food.

Legal basis

Article 28 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

To improve the competitiveness of agricultural and non-wood forestry sector through the improvement of the general performance of agricultural and non-wood forestry produce processing enterprises (improvement of general economic indicators, decrease in environmental load, growth of export potential, etc.), and to ensure their long-term sustainability.

Specific objectives

- To bring agricultural and non-wood forestry produce processing industry into conformity with changing market requirements;
- To ensure the sustainability of the environment and energy savings;
- To promote investments into innovation;
- To promote the application and spread of information and communication technology;
- To promote the production of biofuels and the use of bioenergy.

¹³ Forestry products are any material afforded by a forest for commercial use. Non-wood forestry products are for example resin, forest fruits and mushrooms, mosses, game, fur etc.

Target group

Beneficiaries

Enterprises active and registered in Estonia, belonging to micro-, small or medium-sized enterprises, which as their principal activity process¹ and market the products referred to in Annex I to the EC Treaty or non-wood forestry products and the products related to those products.

Minimum requirements for an applicant

Support may be applied for by an enterprise which:

- has been active for at least 1 year;
- in case of food and feed sector is approved or registered by the Estonian Veterinary and Food Board;
- has an estimated economic sustainability for at least 5 years after the investment;
- has no tax arrears (save staggered tax arrears);
- meets the standards established by law (for example hygiene, environmental and animal welfare standards);
- is not an enterprise in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty.

Regarding the processing and marketing of forestry products, the support is limited to microenterprises.

In the determination of the number of employees, turnover and size group of an enterprise, Article 2 of Commission Recommendation No 2003/361/EC is considered.

Supported activities and their short description

Enterprises, which as their principal activity process and market the products referred to in Annex I to the EC Treaty and non-wood forestry products and the products related to those products, are eligible in case of the following activities:

Investments for the purchase and application of equipment and technologies and for the renovation of storage premises and production buildings in agro-food industries, and for the construction of new storage premises in fruit, vegetable and berry processing industry, which perform at least one of the following tasks:

- to produce innovative food products of high sales and/or export potential, good quality and high value added from agricultural and forestry products;
- to implement the food quality schemes;
- to increase the value added of products;
- to improve the quality of products and ensure the stability of this quality;
- to improve the efficiency of production;
- to meet the standards of organic processing;
- to use more efficiently by-products, supplementary products and processing waste generated in the course of production.

Investments for the purchase and implementation of equipment and technologies, which perform at least one of the following tasks:

¹ For the purposes of Article 2(1)(m) of Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs.

- to produce innovative non-food products of high sales and/or export potential, good quality and high value added from agricultural and non-wood forestry products.
- to produce biofuels from agricultural products and non-wood forestry products and from processing waste of agricultural and non-wood forestry produce processing industry or taking into use of renewable energy and biofuels and waste energy of the production process;
- energy savings and the sustainability of the environment.

Implementation of information and communication technology in production and business activities (e-business applications, homepage creation, specific software and equipment), which perform at least one of the following tasks:

- to improve the control over the quality of products;
- to ensure food safety;
- to optimise costs;
- to improve marketing.

The supported projects must improve the general performance of the enterprise and ensure its long-term sustainability and must be related to processing and marketing of the products referred to in Annex I to the EC Treaty and the other related products, except fishery and tobacco products, or to processing and marketing of non-wood forestry products, or to purchasing and applying new processing methods and technologies related to those products. The production of alcoholic beverages, save fruit wines, berry wines and spirit, is not eligible.

The investment object must be located in Estonia.

The expenses on used equipment are considered to be eligible if the given equipment is not older than 3 years (production year) and if the EU, national or foreign aid was not used for its purchase.

The following expenses are not considered to be eligible:

- investments on retail business level;
- remuneration for the work performed by the applicant or by applicant's employees;
- purchase of means of transport, save the equipment to be mounted on means of transport, of which the specific character results from the products processed by the applicant;
- purchase of such equipment and technological lines which are used for processing of products not covered by this measure;
- investments into the production of such products, of which normal market outlet cannot be proved;
- purchase of standard software, standard computer hardware or standard means of communication (incl. mobile phones);
- production and marketing of products imitating or replacing milk or dairy products;
- expenses, which are contrary to the eligibility criteria provided in national or EU legislation (incl. Article 71 of Council Regulation (EC) No 1698/2005 and Article 55 of Council Regulation (EC) No 1974/2006).

Support payments

Maximum support rates and amounts of support payments

- maximum support rate is 50% of eligible expenses;

- maximum approved amount of support payments is 640 000 EUR (10 013 824 EEK) for 3 years and 1 280 000 EUR (20 027 648 EEK) for the whole programming period, per applicant.

Target area

The measure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of holdings supported	70
	Total volume of investment	89,5 million EUR (1,4 billion EEK)
Result indicator	Number of holdings introducing new products or techniques	20
Impact indicator	Net value added expressed in PPS	60% of the EU-25 average
	Change in gross value added per annual work unit	10%

Processing of applications

Documents required

To apply for support, the following documents are required:

- application;
- business plan;
- confirmation of a competent authority that the applicant meets the hygiene, environmental and animal welfare standards established by law;
- explanation about how the given investment meets the objectives of the measure;
- in case of the purchase of used equipment, the applicant must prove in application that the equipment to be purchased meets the requirements foreseen in the eligible activities point of the measure sheet;
- documents proving the economic performance of the enterprise;
- other documents, if necessary.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. Applications are assessed according to the relevant evaluation criteria. On the basis of evaluation points the ranking list of applications is established. The best applications will be allowed. In applying for support, the following enterprises are preferred:

- enterprises in conformity with organic processing requirements or the enterprises applying support for bringing the enterprise into accordance with organic processing requirements;
- smaller enterprises;

- enterprises located some distance from centres¹⁴;
- enterprises applying for lower public support;
- enterprises with the majority of women in their management;
- more efficient enterprises;
- enterprises creating or maintaining jobs;
- enterprises applying for support for making a more innovative investment;
- enterprises applying for support for making an investment ensuring better sustainability of the environment;
- formerly less supported enterprises.

MEASURE 1.7 – DEVELOPMENT OF NEW PRODUCTS, PROCESSES AND TECHNOLOGIES IN THE SECTORS OF AGRICULTURE, FOOD AND FORESTRY (121, 124)

SUBMEASURE 1.7.1 – CO-OPERATION IN THE DEVELOPMENT OF NEW PRODUCTS, PROCESSES AND TECHNOLOGIES IN THE SECTORS OF AGRICULTURE, FOOD AND FORESTRY

Legal basis

Articles 26 and 29 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Justification

In relation with the growing worldwide competition, innovation becomes more and more important for agricultural, agrifood and forestry sectors of Europe. From the point of view of the development of agricultural production, better quality and the use of local raw material, as well as marketing it with more value is important. For this, more attention must be paid to active product development of the agricultural and forestry produce processing industry and the producers of raw material and to the increase in the efficiency of the production process. To intensify the spread of new technologies and primarily the implementation of new products and sustainable technologies in the production chain of agricultural and forestry produce production and to identify quality risks and improve the situation, co-operation of agricultural and forestry sector and the agricultural and forestry produce processing sector with research institutions is encouraged, with a view to develop new and marketable products. Due to the very low expenditure on research and development activities in the whole sector of Estonian processing industry, in comparison with the EU average, all the sector enterprises should be supported, irrespective of their size. Large-scale enterprises are often the initiators of joint research and development projects of several enterprises. At the same time, compared to other enterprises, large enterprises are more capable of finding resources for the expenses referred to. Therefore, it is necessary to give some preference to small and medium-sized enterprises.

Objectives

Overall objective

¹⁴ Distance is estimated at the following scale: Tallinn and adjacent rural municipalities; Harju county (except Tallinn and rural municipalities bordering on Tallinn) or other county centres and adjacent rural municipalities; rural municipalities not bordering on county centres (except rural municipalities in the Harju county). Location in islands gives additional points.

To improve the competitiveness of agricultural, food and forestry sectors through the promotion of co-operation between the raw material producers of the agricultural and forestry sector, processing industry, and/or third parties and to attain higher level of innovation in the given sector by that.

Specific objectives

- To promote research and development activities and innovation among the raw material producers of the agricultural, food and forestry sectors and the agricultural and forestry produce processing enterprises;
- To develop new products of high sales potential and/or export potential (incl. high quality foodstuffs and non-food products with high value added, produced from agricultural and forestry products), and to develop innovative processes and technologies, in order to improve the performance of the sector enterprises and to ensure the sustainability of the environment and energy savings;
- To improve the quality of foodstuffs, incl. the promotion of the development of food quality schemes, functional food and the products for persons with specific requirements, to ensure the customer gets a high quality product or production process;
- To improve the quality of raw materials.

Target group

Beneficiaries

Raw material producers of agricultural and forestry sectors and the industrial enterprises active and registered in Estonia, which process¹ and market the products referred to in Annex I to the EC Treaty or forestry products or the products related to those products.

Minimum requirements for an applicant

Support may be applied for by enterprises, which:

- have been active for at least 1 year;
- in case of food or feed sector, have been approved or registered by the Estonian Veterinary and Food Board;
- have an estimated economic performance for at least 5 years after the investment;
- have no tax arrears (save staggered tax arrears);
- meet the requirements established by law (for example hygiene, environmental and animal welfare standards);
- are not enterprises in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty;
- co-operate in the framework of the development project described in the support application on the basis of a preliminary co-operation contract or some other legal document with at least one of the following partners active and registered in the European Union and qualified by its profile, resources and knowledge potential for participation in the development project, to attain the objectives of the measure.

Such partners may be the following:

- research and development institutions;
- vocational educational institution in the field of agriculture, forestry or food technology;

¹ For the purposes of Article 2(1)(m) of Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs.

- technology development centres;
- persons having sufficient qualification for participating in the project as a developer or a consultant.

In addition to the aforementioned, other persons may participate in the development project, if their input is unavoidably necessary for the attainment of the final objective of the development project.

In case a group of enterprises eligible for support participates in the project, one of the participating enterprises, selected by the free will of those enterprises, submits the support application. The same enterprise is also responsible for the implementation of the project and for the purposeful use of the support payment. In case a group of enterprises participates in project, all the participating enterprises must meet the requirements established for this support.

Supported activities and their short description

Such co-operation projects are supported, which are directed at the improvement of the general performance (improvement of general economic indicators, decrease in environmental load, growth of export potential) and at ensuring the sustainability of the enterprises belonging to the target group, and are related to the production and/or processing and marketing of the products provided in Annex I of the EC Treaty or forestry products or the related products, except wooden construction materials and furniture products, and tobacco.

Co-operation projects may include the following:

Benchmarking conducted to assess the suitability of technologies, plant species and animal breeds, of which the objective is to get knowledge about the suitability of various existing technologies, plant species and animal breeds for the existing production conditions.

Expenses considered to be eligible are as follows:

- personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
- costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, are considered as eligible;
- cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
- additional overheads incurred directly as a result of the research project;
- other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

The following expenses are not considered to be eligible:

- expenses related to applicants' or its employees own work;
- expenses, which are contrary to the eligibility criteria provided in national or EU legislation (incl. Article 71 of Council Regulation (EC) No 1698/2005 and Article 55 of Council Regulation (EC) No 1974/2006).

- investments into production equipment and production technology and into production buildings;
- purchase of standard software, standard computer hardware or standard communication technology (incl. mobile phones).

Support payments

Maximum support rates and amounts of support payments

Benchmarking conducted to evaluate the suitability of technologies, plant species and animal breeds:

- large-scale enterprises – maximum support rate is 30% of eligible expenses;
- small (incl. micro-enterprises) and medium-sized enterprises – maximum support rate is 50% of eligible expenses.

The maximum amount of support payments is 192 000 EUR (3 004 147 EEK) of eligible expenses per project, but not more than 200 000 EUR per one enterprise for 3 years.

In case a group of enterprises of which at least one is a large-scale enterprise participates in the supported project, support rate is calculated on the basis of the support rates established for large-scale enterprises.

In the determination of the number of employees, turnover and size group of an enterprise, Commission Recommendation No 2003/361/EC is considered.

Target area

The submeasure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of co-operation projects supported	35
Result indicator	Number of holdings introducing new products or techniques	20
Impact indicator	Net value added expressed in PPS	60% of the EU-25 average
	Change in gross value added per full time equivalent	10%

Processing of applications

Documents required

- application;
- project plan and budget;
- documents proving the economic performance of the enterprise;
- confirmation of a competent authority concerning the conformity of the applicant with the hygiene, environmental and animal welfare requirements arising from the law
- documents proving the competence and work experience of the persons conducting the project;
- other important documents, if necessary.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. Expert committees (evaluation committees) will be established to assess applications. Evaluation committee will base its assessment on the following criteria:

- possibility to use the results of research and development activities in production;
- economic value of the results of research and development activities;
- impact of the results of the project on the development of local agricultural production, on the environment and on the society;
- relation of the project to the goals of agricultural policy;
- number of target group enterprises participating in the project;
- novelty of the project;
- scientific competence and work experience of the co-operation partner (researchers);
- justification of the financing scheme, the scale of financial resources to be applied for additionally;
- economic status of participating enterprises.

The projects directed at the development of food quality schemes, functional food or the products for persons with specific requirements, or at the development of the technologies focused on energy conservation are preferred. Best applications will be approved.

MEASURE 1.8 – INFRASTRUCTURE OF AGRICULTURE AND FOREST MANAGEMENT (125)

Justification

Cultivation of land and the land improvement works conducted in the course of this have shaped the present agricultural landscape and rural infrastructure. Functioning land improvement systems are a prerequisite for agricultural and forest management activities in our climatic zone. Most of the existing agricultural and private forest land drainage systems have depreciated by now. Unmaintained land improvement systems and overgrown recipients are causing floods, land paludification and overgrowing with shrubs and lower the recreational value of landscapes.

Since the majority of land improvement systems are located in the lands of several land owners, it is reasonable to reconstruct and renovate the existing land improvement systems jointly. There is historical experience of co-operative land improvement in Estonia, but at the same time, joint decision-making and work organisation is time-consuming and complicated. Therefore, land improvement activities of land improvement associations will have higher support rates.

The insufficient operation of drainage systems reduces the ability of plants to grow, which in its turn decreases the level of nutrients bound in soil and increases surface runoff, finally increasing biogenes runoff into recipients, rivers and lakes. The short-term negative environmental impact primarily appears in the construction of recipients, when excavation causes mud and the biogenes released are carried downstream. Drainage, unlike ditching, lessens soil erosion, but as a negative effect, the runoff of nitrogen compounds increases. In order to diminish such impacts, environmental protection measures for land improvement must be used (establishment of sediment pools, marshes and forest stands for recipients, and renaturalisation of recipients), with a view to localising the possible nutrient runoff and to preserving ecological stability and biological diversity. According to the Land Improvement Act, the regulating network of a land improvement system must minimise the risk of pollution

spread and recipients must have a sufficient self-cleaning capacity, thus being biologically diverse. Renaturalisation of large recipients has already been started and in this, measures to diversify habitats and to contribute to the migration of fish are implemented.

Appropriate reconstruction of land improvement systems enables significant improvement of the condition of our water bodies. Thus, competent reconstruction and maintenance of land improvement systems are the activities in public interests, helping to alleviate the negative effects described above. The environmental impact of investments will be assessed according to the national legislation.

Regarding the future, further climatic change must also be taken into account. Forecasts have indicated that climate will become less stable, the excess water of spring will decrease and the excess water of autumn will increase. This means that although the vegetation period lengthens, the period of works in the fields may not become longer, if the drainage standard necessary for the autumn harvesting period is not guaranteed with the increase in drainage intensity. Primarily, it is planned to support the reconstruction and renovation of the existing land improvement systems, but in some cases it is possible to construct new systems. At the same time, it is planned to limit the construction of new systems by lower support rate and lower grading points in measure selection criteria.

Although the annual precipitation considerably exceeds evaporation, the distribution of precipitation is not uniform either during the vegetation period or for years. Quite often, shorter or longer drought periods may occur, causing considerable harvest losses, especially in vegetable fields and in berry gardens and orchards. To reduce climate risks and ensure stable harvests, attention must be paid to the establishment and functioning of irrigation systems. Due to climate change, the need for the two-way regulation of hydrological regime has arisen, as it enables the all-round and nature saving use of water resources in case of subsurface irrigation. Thus, the construction, reconstruction and renovation of irrigation systems is also eligible and the sustainable use of water resources will be guaranteed with the help of special water use permit as stated in the Water Act.

In Estonian legislation, liming of agricultural land is regarded as land improvement, of which the objective is to maintain the fertility of agricultural land. The liming materials used mainly include calcium, which is not a plant nutrient but a soil conditioner necessary for the neutralisation of soil. The liming materials are processing waste, of which the use in agriculture has positive impact on the environment and decreases load on the environment.

In order to make land use in low density areas more rational, access roads to agricultural and private forest lands should be constructed or repaired. The carrying capacity of a large part of field and private forest is insufficient for modern machinery. For the maintenance of land improvement systems, the service roads of land improvement systems must be repaired. The unsatisfactory condition of private forest roads restricts forest management, prevention and liquidation of forest fires and elimination of storm damages. Construction and reconstruction of access roads is not an infrastructure investment resulting in significant net profit, but a primary need for taking profit yielding land into use and for starting production.

Legal basis

Article 30 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

Preserving the operation of drainage systems on agricultural and forest land.

Specific objectives

- To unify the production conditions of agriculture and private forestry in rural area, diminishing the agricultural production risks resulting from unfavourable hydrological regime, and increasing the productivity of private forests and the quality of wood;
- To improve access to agricultural and private forest land;
- To diminish local floods;
- To minimise the spread of pollution on drained land and increase the self-cleaning capacity of recipients.

Target group

Beneficiaries

- Entrepreneurs active in agriculture;
- Private forest owners (natural persons and legal persons governed by private law) and forestry associations who own forest land, or of which the members own forest land.
- Land improvement associations;
- Non-profit associations with a primary objective specified in the articles of association to maintain a road. As the road passes several immovables, joint activity is the most rational way of activity in the construction and maintenance of roads.

Minimum requirements for an applicant

Land improvement association is in conformity with the requirements provided for a land improvement association for the purposes of the Land Improvement Act.

Support for the prevention of forest fires can be applied for in case the forest owner will guarantee free access to the fire waterpoints.

Supported activities and their short description

Land improvement:

- Construction, reconstruction and renovation of facilities needed for the drainage, irrigation or two-way regulation of hydrological regime on agricultural and private forest land (incl. environmental protection facilities, like marshes, sediment pools, etc., and service roads of a land improvement system) and liming of acid soils on the area of a land improvement system. Liming of acid soils is only eligible as a part of a wider land improvement project and only once during the programming period;
- Land improvement activities, if the investment results in the land improvement structure meeting the requirements provided in the Land Improvement Act;
- Construction of new land improvement systems in Natura 2000 areas must be in accordance with relevant protection rules;
- Establishment of a new land improvement system on private forest land, if it's regulating network is not located in special conservation area, protected area or in species' protection site.

Ensuring access:

- Construction and reconstruction of roads and road facilities for the access to agricultural or private forest land, to agricultural production buildings and to water points of fire fighting ponds meant for private forest.

Prevention of forest fires:

- Construction or reconstruction of fire fighting ponds with water points on private forest land.

Support payments

Maximum support rates

- For land improvement environmental facilities and for forest fire prevention facilities, up to 90% of eligible expenses.
- For the reconstruction and renovation of drainage systems and systems of two-way regulation of hydrological regime, up to 75% of eligible expenses; or up to 90% of eligible expenses if the applicant is a land improvement association.
- For the construction of new drainage systems and systems of two-way regulation of hydrological regime and for the construction, reconstruction or renovation of irrigation systems, up to 40% of eligible expenses.
- For the investments ensuring access, up to 75% of eligible expenses, if the access road is located on real estates of several owners, or up to 40% of eligible expenses, if the access road is located on one real estate only.

Maximum amounts of support payments

- For the construction and reconstruction of land improvement systems – up to 351 514 EUR (5,5 million EEK) a year for one applicant regarding both activities and not exceeding the amount of 1 054 542 EUR (16,5 million EEK) for the whole programming period regarding both activities.
- For the renovation of land improvement systems – up to 159 779 EUR (2,5 million EEK) a year for one applicant, not exceeding the amount of 415 425 EUR (6,5 million EEK) for the whole programming period.
- For the investments ensuring access (construction and reconstruction of access roads) – up to 127 823 EUR (2 million EEK) a year for one applicant regarding both activities and not exceeding the amount of 383 470 EUR (6 million EEK) for the whole programming period regarding both activities.
- For forest fire prevention activities (construction and reconstruction of forest fire prevention facilities) – up to 63 912 EUR (1 million EEK) a year for one applicant regarding both activities and not exceeding the amount of 191 735 EUR (3 million EEK) for the whole programming period regarding both activities.
- Maximum amount of support per one applicant regarding all supported activities must not exceed 543 249 EUR (8,5 million EEK) a year and 1 086 498 EUR (17 million EEK) for the whole programming period.

Target area

The measure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of projects supported	270
	Total volume of investment	738 million EEK
Result indicator	Roads constructed, reconstructed and renovated	200 km
	Environmental protection facilities constructed, reconstructed and renovated	180
Impact indicator	Land improvement systems fixed	75 000 ha

Processing of applications

Documents required

- Application;
- Renovation plan of the land improvement system approved by the land improvement bureau, if support is applied for the renovation of a land improvement system or a part thereof;
- Construction permit, if support is applied for the construction or reconstruction of a land improvement system or a part thereof, or of facilities ensuring access, or of forest fire prevention facilities. Need for the environmental impact assessment will be decided by the land improvement bureau.

Paying Agency and implementing authorities

The ARIB.

On-the-spot checks at the location of the applicant is conducted by the regional land improvement bureau and the Land Improvement Bureau of Supervision and Expertise.

Application assessment procedure

The ARIB assesses suitable applications on the basis of assessment criteria.

Points system is used to assess applications and the following aspects are given preference to:

- co-operation;
- reconstruction of land improvement facilities;
- implementation of environmental protection measures;
- orientation toward public interests.

Management authority may state specific preferences and conditions with the measure implementing regulation.

MEASURE 1.9 – SETTING UP AND DEVELOPMENT OF PRODUCER GROUPS (142)

Justification

For agricultural producers, incl. organic farmers and producers of niche products, the problem lies in the incompleteness of the production chain (production – processing – trade – consumer), in the lack of nationally recognised quality schemes, weak joint activity and marketing, low expenditure on innovation. The adaptability of agricultural producers is low and they have trouble with pre-sale processing of their products, with meeting the quality standards and in marketing. In marketing the key is to ensure continuous flow of goods and sufficient quantities.

Solution can be found in the integrated development of production chain and the promotion of co-operation among producers (common production of self-produced products, processing, common marketing etc.), in participation of agricultural producers in food quality schemes, in significant increase in the volumes of common marketing.

In Estonia, the most suitable legal form for the promotion of joint economic activity among agricultural producers is a commercial association. According to the Commercial Association Act, a commercial association is a company of which the purpose is to support and promote the economic interests of its members through joint economic activity. In 2007, there were 67 agricultural commercial associations in Estonia with a total net turnover of 24,5 million euros (384 million EEK), which made up only 6,5% of the total agricultural net turnover. Therefore, they don't play a significant role yet.

With the setting-up of producer groups by agricultural producers and with supporting the development of their activities it is possible to expand the production volumes of (mainly) self-produced products, small and fragmented niche products and their market access opportunities and to increase their market share through common marketing.

The measure has been clearly distinguished from other support measures by its supported activities and requirements for an applicant. The measure does not overlap with the support for starting enterprises planned to implement in the framework of priority “Innovation and growth capacity of enterprises” of the Economic Environment Development Operational Programme, the principles of demarcation are laid out in Chapter 10.2 of the ERDP.

Legal basis

Article 35 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective is to facilitate the joint economic activities of agricultural entrepreneurs through the support for the setting-up of producer groups and through the support for their administrative activities during their first years of activity, to help to adapt the production and output of producer group members to market requirements and to improve the market access of products through common marketing.

Target group

Support will be granted to a commercial association which has been recognised as a producer group, except producer groups in fruit and vegetables sector who comply with the requirements set out in Council Regulation (EC) No 2200/96 on the common organization of the market in fruit and vegetables (OJ L 297, 21.11.1996, p. 1–28) and whose right to receive support is being assessed pursuant to Commission Regulation (EC) No 1943/2003, laying down rules for the application of Council Regulation (EC) No 2200/96 as regards aid to producer groups granted preliminary recognition (OJ L 286, 4.11.2003, p. 5–9).

In the framework of this measure, support cannot be applied for by a producer organisation, which complies with the requirements set out in Chapter 3 of the Fisheries Market Organisation Act.

Main support requirements

- Commercial association has to comply with the requirements for the recognition and has to be recognised at the moment of applying for support.
- Commercial association has to present an action plan for five years, where the main activity of the producer group, the types of products marketed through the producer group and production method will be defined. The commercial association plans at least 2% of the sales revenue per year for financing the activities of a producer group.

More detailed support requirements will be established by the Minister of Agriculture.

Supported activities and their short description

Eligible activities are the following: the improvement of administrative and economic capability through the support for the setting-up and development and the administrative activity of producer groups, for the purpose of adapting agricultural production and products to market requirements, to improve the quality of products with the help of establishing common rules and through the common preparation of goods for sale, centralisation of sales and supply to wholesale buyers.

Support

Support will be granted to producer groups, who have been officially recognised by the ARIB. Support will be granted as a flat-rate support in annual instalments. Support can be applied during the first five years following recognition in the amount of up to 280 000 euros (4 381 048 EEK).

Maximum amount of support payments

Calculating the support for a producer group and paying according to the sales revenue of the annually marketed products of the producer group is carried out as following:

Year	Turnover of marketed production: 2 000 000 – 5 000 000 EEK, %	Turnover of marketed production : 5 000 001- 15 646 600 EEK, %	Turnover of marketed production: >1000 000 EUR %	Maximum amount of support (EEK)	Maximum amount of support (EUR)
1st year	5	6-(turnover/4,4705)	2,5	1 251 728	80 000
2nd year	5	6-(turnover/4,4705)	2,5	938 796	60 000
3 rd year	4	5-(turnover/5,2159)	2	938 796	60 000
4 th year	3	Turnover 5-6,25864 million EEK: 3%	1,5	625 864	40 000
		Turnover > 6,25864 million EEK: 4-(turnover/6,25864)			
5th year	2	Turnover 5-10,431066 million EEK: 2%	1,5	625 864	40 000
		Turnover > 10,431066 million EEK: 3-(turnover/10,431066)			

Target area

The measure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target
Output indicator	Number of supported producer groups	45
	Total volume of support (euros)	12 782 239
Result indicator	Increase in agricultural gross value added in supported enterprises, (%)	10
Impact indicator	Net value added expressed in purchasing power standard (PPS), (% of EU-25 average)	65
	Change in gross value added (growth) per annual work unit (%)	10–15

Processing of applications

Documents required

- Application;
- Action plan;
- Other proving documents, if needed.

Paying Agency

The ARIB

Application assessment procedure

Applications will be processed by the ARIB. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared by the ARIB on the basis of the assessment criteria. Applications with the most sustainable action plans will be approved.

In particular, the following is assessed:

- preference will be given to producer groups whose share of marketed agricultural products in the total output of the respective products in Estonia is larger;
- preference will be given to producer groups with larger number of members;
- preference will be given to producer groups active in the sector of organic farming or specialized in niche products.

Connections with other measures

The object of the support, requirements for an applicant and administrative rules will ensure that in the framework of this measure overlapping with other measures is excluded.

5.3.2 AXIS II – IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE

The activities of Axis II are primarily directed at the promotion of such ways of agricultural production, which ensure stable status of the environment and land use in regions where it is important for the formation of traditional landscapes, and in Natura 2000 areas. In particular, attention is paid to the maintenance of biological diversity and traditional landscapes, to the assurance of water quality and to the alleviation of climate change.

Implementation of the following measures has been planned:

- Measure 2.1 – Support for less-favoured areas;
- Measure 2.2 – Natura 2000 support for agricultural land;
- Measure 2.3 – Agri-environmental support;
- Measure 2.4 – Animal welfare: support for grazing animals;
- Measure 2.5 – Support for non-productive investments;
- Measure 2.6 – Support for the establishment of protection forest on agricultural land;
- Measure 2.7 – Natura 2000 support for private forest land.

Considering the 5-year commitments taken under the ERDP 2004–2006 agri-environmental support, support for less-favoured areas and support for afforestation of agricultural land, in 2007–2013, for the purpose of the consistency of development plans, those commitments should be financed until their expiry.

Forestry is an integral part of rural development. In the selection of measures directed at the sustainable use of forest land, their effect on the preservation of forests, on the improvement

of their condition and on the promotion of the protection function of forests has been considered. The activities promoted under Article 43 of Council Regulation (EC) No 1698/2005 are not allowed in Natura 2000 network special conservation areas, protected areas and species protection sites. Neither is support granted in case of regions and areas, of which the afforestation may endanger natural environment. For the maintenance of biological diversity, the size of the areas to be afforested is restricted and the establishment of forest plantations with alien tree species is not allowed.

In 2007–2013, implementation of measures referred to in Articles 47 and 49 of Council Regulation (EC) No 1698/2005 is not regarded as appropriate as since 1999, support for the maintenance of key biotopes, administered by the Ministry of the Environment, has been paid from the state budget. Since 2007, the state favours the support for the maintenance of key biotopes through the Private Forest Centre Foundation. The agri-forestry systems referred to in Article 44 are not typical of Estonian land use.

The selection of measures is based on the problems and necessities identified in the ERDS 2007–2013 and in Chapters 3 and 4 of this development plan.

Minimum requirements and baseline requirements for fertiliser and plant protection product use

According to second subparagraph of Art. 51(1) of Council Regulation (EC) No 1698/2005 the agri-environmental support will be reduced or cancelled if the applicant does not respect on the whole holding, as a result of an action or omission directly attributable to him/her, the minimum requirements for fertiliser and plant protection product use referred to in Article 39(3).

Regarding the control of the use of fertilisers and plant protection products pursuant to Art. 51 of Regulation 1698/2005 will come into force from 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005. However, from the moment of applying for support, those requirements for fertiliser and plant protection use which are a precondition for receiving support in relation to following additional environmental requirements will be controlled.

Requirements for the use of fertilisers and plant protection products established by the national legislation (these can be changed or clarified if necessary):

1. Up to 170 kg of N per year on an average may be applied with manure on a hectare of cultivated area. Up to 30 kg of P per year on an average may be applied with mineral fertilizers on a hectare of cultivated area and such an amount of N as is needed for agricultural crops and as is in compliance with the requirements provided by a regulation of the Government of the Republic. Quantities of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.
2. In a nitrate-vulnerable area, it is allowed to use an average of up to 170kg of N with manure and mineral fertilizers a year per one hectare of land under cultivation. Quantities of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.
3. In a nitrate-vulnerable area, it is not allowed to use an average of more than 140 kg of the total volume of N with mineral fertilisers a year per hectare of land under cultivation. Amounts of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.
4. In a nitrate-vulnerable area, from 1 November until 31 March, at least 30 % of the land under cultivation and used by an agricultural producer shall be under plant cover.
5. Agricultural producers are recommended to follow good agricultural practice. Good agricultural practice means commonly accepted production techniques and methods which, when followed correctly, do not endanger the environment.

6. In areas under cultivation, fertilizers shall not be spread on the ground if the inclination of the ground is more than 10 per cent. If the ground has an inclination of 5–10 per cent, spreading of fertilizers on the surface is prohibited from 1 November to 15 April.

7. Organic and mineral fertilizers shall not be spread from 1 December to 31 March, and during any time when the ground is covered with snow, is frozen or flooded, or saturated with water. According to the Water Act the ground is deemed to be covered with snow if, for the duration of at least 24 hours, the thickness of the snow covering the ground is at least 10 cm. “Frozen ground” means ground which has been frozen to a depth of at least 5 cm for a period longer than 24 hours.

8. Manure which is spread on a field where currently no crops grow should be incorporated into the soil within 48 hours.

9. In areas surrounding springs and sinkholes and in a range of 10m from the boundary of the water or from the edge of a sinkhole, it is prohibited to use fertilisers and plant protection products and to engage in any other activities endangering water quality.

10. It is permitted to keep, as an annual average, livestock in numbers corresponding to up to two livestock units per hectare of agricultural land. It is permitted to keep livestock in numbers corresponding to more than two livestock units per hectare if there are storage facilities for manure or for manure and liquid manure with the necessary capacity or if a manure spreading or manure sales contract has been entered into. One livestock unit is deemed to be equal to one farm animal which excretes, in the form of liquid and solid manure, 70 kg of basic nitrogen per year. The coefficients needed for the calculation which enables the number of farm animals to be expressed in the form of livestock units shall be established by a regulation of the Minister of Agriculture.

11. The following is prohibited within a water protection zone: 1) economic activity, except for mowing of grass and cutting of reed; 2) use of fertilizers, chemical plant protection products and waste water sediment, and placing of manure storage facilities and manure stacks. The use of plant protection products is permitted only for the purpose of clearing the outbreak site in the event of a plant disease or pest outbreak, and the permission of the environmental service shall be obtained for each separate occasion.

The distance of water protection zones from the usual water boundary shall be:

- 1) 20 m on the Baltic Sea, Lake Peipus, Lake Lämmijärv, Lake Pihkva and Lake Võrtsjärv;
- 2) 10 m on other lakes, reservoirs, rivers, brooks, springs, main ditches and channels, and artificial recipients of land improvement systems;
- 3) 1 m in artificial recipients of land improvement systems with a catchment area of less than 10 km².

12. Plant protection products shall only be sprayed with plant protection equipment in working order. Plant protection equipment which is in use, except for spray guns and knapsack sprayers or equipment used in scientific research or as a sample, shall undergo regular inspection for conformity assessment once every three years.

13. Upon proper designated use, cleaning, maintenance and storage, plant protection equipment shall not present danger to human health or the environment. It is not allowed to spray a plant protection product in the area with flowering plants, except there is a notation on the labelling of plant protection product packaging, indicating that the plant protection product may be used during the time of blooming and bees’ honey harvesting.

14. Plant protection products may be used only under the conditions, for the purposes, in the manner and at the application rate specified on the labelling, and observing the number of applications and waiting periods before and after using the products.

15. Plant protection products must be used according to the instructions indicated on the labelling of plant protection product packaging, following the limitations on use indicated there, incl. the established buffer zone (distance between the sprayed area and water

boundary) and the prohibition on the use of plant protection product in the same field in successive years.

16. In the cases prescribed by a decision on authorisation of a plant protection product, the person who uses the plant protection product shall undergo training in plant protection and hold a plant protection certificate.

17. The user of plant protection product must preserve the product in its original packaging with a readable labelling in the storing conditions which shall ensure the preservation of the plant protection product in the usable state.

18. Plant protection product may be kept in the suitable room, in case of the small quantities of the plant protection product in the special container or closet, which is locked and has a label used in case of toxic substances.

19. The storehouse of the plant protection product must fulfil the following requirements: 1) it must have a sufficient size; 2) it must be well ventilated and lighted; 3) the floor must be made of non-slippery material, impenetrable for liquids, resistant to the impact of chemical substance and with a high threshold; 4) the interior walls must be smooth and easy to clean.

20. The closet foreseen for storing the plant protection product must be located in the building not used as a house or livestock building.

21. Large packaging of a plant protection product must be placed on a wooden bed.

22. In the storehouse of the plant protection product there has to be substance absorbing liquids, such as sand, sawdust or peat, brush, shovel and water-proof vessel for collecting the plant protection product leaked out of the packaging. In the storehouse there have to be emergency kit and fire-extinguisher and the number of the emergency line 112 in the visible place.

23. The empty packaging of a plant protection product shall be kept in the storehouse for plant protection products, in the special container or in the closet until it's handing over to the processor of dangerous waste.

If the requirements provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003 as well as the baseline requirements for the use of fertilizers and plant protection products and the other relevant statutory requirements provided by national law, in case of which the agri-environmental commitments (requirements) proceeding from those requirements are more extensive than the requirements serving as the basis for support payments, are amended, the commitments taken will be reviewed according to Article 46 of Council Regulation (EC) No 1974/2006. If such an adaptation is not acceptable for the applicant, the commitment will terminate without any refunds for the time period of valid commitment.

Environmental protection measures financed from other funds

The EU Financial Instrument for the Environment LIFE+ is directed at contributing to the attainment of the objectives of the EU 6th Environment Action Programme. Innovative projects of European significance, directed at the implementation of Council Directive 79/409/EEC on the conservation of wild birds and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora are financed under LIFE+. LIFE+ does not finance the activities, which can be financed from other EU funds and it is not possible to get money for financing continual actions, recurring from year to year. Estonia implements several projects financed from LIFE+. The only possible activity similar to the ERDP Axis II measures is the support for the maintenance of semi-natural habitats, but double support payments are precluded with the administrative control of support payments.

The living environment operational programme 2007–2013 governs the use of the resources of the European Regional Development Fund (the ERDF) and the Cohesion Fund in the sectors of environmental protection, energy, local and regional development, education,

health and welfare services. In this connection, Estonia plans to finance the preparation and implementation of management plans concerning the areas protected for nature diversity and action plans regarding endangered species as well as the establishment and reconditioning of the nature protection infrastructure of protected areas.

The funds accruing to the state budget from environmental use are remitted to the state budget by the Environmental Investment Centre. Under the Nature Protection Programme, it is possible to apply for funds for inventory checks, expert assessments, alien species control, compensation for the damage caused by protected species and for the maintenance and reconstruction of parks.

Reduction in support payments

In case of insufficiency of budget funds to satisfy the applications in conformity with the requirements, the minister of agriculture may establish the procedure for the reduction in support payments, according to which support payments to all the applicants in conformity will be reduced on a *pro rata* basis, or with respect to the area of agricultural land, the number of animals or supported activities covered by applications, or on some other basis.

Conversion of animals to livestock units

Livestock units (LU) used in the calculation of stocking density are based on the national legislation and studies. In case of the measure “Animal welfare: support for grazing animals” (measure 2.4), a different livestock unit from the livestock unit provided in Annex V of Commission Regulation (EC) No 1974/2006 is used to calculate stocking density.

Table 26. Table of conversion of animals to livestock units in case of the measure 2.4

Animal group	LU coefficient
Cattle	1
A cow or bull more than 6 months	1
A suckler cow with a calf, aged more than 6 months	1
A horse, incl. a mare with a foal, aged more than 6 months	1
A calf aged up to 6 months	0,18
An ewe, a goat aged more than 1 year with kids	0,18

MEASURE 2.1 – SUPPORT FOR LESS-FAVOURED AREAS (212)

Justification

Less-favoured areas threatened by non-use of land or where it is necessary to maintain the countryside, are homogeneous agricultural areas regarding their natural production conditions, and they have the following qualities:

- land of low productivity, which cannot be easily cultivated, of which the limited production potential can only be improved with excessive costs and which is primarily suitable for extensive livestock farming;
- due to low productivity caused by natural conditions, the volume of production is considerably lower than the average, taking main indicators of economic performance into consideration;
- small or decreasing population mainly dependent on agriculture. Fast decrease in population would endanger the viability and future settlement of the region;

In Estonia, less-favoured areas were determined by rural municipalities in 2004. According to this, 101 rural municipalities were located in less-favoured areas, of which the total area is approximately 50% of the total area of Estonia. In case of the merger of LFA and non-LFA rural municipalities the LFA support extended/will extend only to the area of previous rural municipality under the LFA scheme. The list of rural municipalities located in less-favoured areas is presented in Annex 4.

The transitional 5-year commitments taken within the framework of the ERDP 2004–2006, regarding this measure, will be financed from the funds of the ERDP 2007–2013.

Legal basis

Article 37 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), and Articles 19 and 20 of Council Regulation (EC) No 1257/1999. The provisions of Council Regulation (EC) No 1257/1999 on support for less-favoured areas will be valid until the entry into force of the new scheme provided by Council Regulation (EC) No 1698/2005.

Objectives

The objective of this support is to maintain the countryside through continual use of agricultural land and to promote the systems of sustainable agricultural production, supporting the improvement of the environment and the countryside by the maintenance of lands.

Target group

Beneficiaries

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person) who are entitled to receive support under the Single Area Payment Scheme for the same land, committing themselves to be active in agriculture in specified rural municipalities in the Estonian territory for the period of at least 5 years after the first support payment. The minimum size of an eligible area is 1 ha.

Requirements for an applicant

The applicant for the support for less-favoured areas must follow good farming practice in its entire economic unit. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003 will be applied and good farming practice will be substituted by the statutory management requirements. In addition, producers must meet the good agricultural and environmental conditions provided in Article 5 and Annex IV of Council Regulation (EC) No 1782/2003.

From 2009 until the entry into force of the new scheme provided by Council Regulation (EC) No 1698/2005, applications for 1-year support will be received from the applicants committing themselves to agricultural activities in less-favoured areas for at least 5 years after the first support payment. Commitments taken before 2009 can be replaced with the new 1-year support without being considered as a termination of the existing commitment.

Support payments

Support rate

The support rate is 25 EUR (391 EEK) per hectare a year.

Target area

Support will be granted to the farmers in rural municipalities determined by the borders of administrative units put on the map of land cadastre as of 31 December 2003. The scheme

provided by Council Regulation (EC) No 1257/1999 will be applied on the basis of the hitherto existing criteria until the entry into force of the new scheme provided by Council Regulation (EC) No 1698/2005.

Control and sanctions

In case of non-compliance with the support payment requirements, the ARIB will reduce support payments pursuant to procedure prescribed by national legislation and according to reduction rates.

Recovery of support payments

If after payment of support it is discovered that the support was paid without basis, the ARIB will demand from the person having received the support recovery of payments to the revenues in the state budget.

If the recipient of the support for less-favoured areas has fulfilled at least the commitments of three successive years (of the commitments taken) and will terminate agricultural activities according to Article 44 of Commission Regulation (EC) No 1974/2006, the support payments made in the last years will not be recovered. The support payments made in the last years will be recovered with regard to the land or the number of animals, in case of which the commitment taken by the applicant will decrease more than 30% within the commitment period, unless the recipient proves the impossibility to continue the performance of the commitment due to *force majeure*.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of beneficiaries	9000
	Area of supported agricultural land ha (division by categories)	350 000
Result indicator	Areas under successful land management (ha), contributing to: - improvement of biological diversity; - improvement of water quality - climate change; - improvement of soil quality; - prevention of marginalisation and abandonment of land.	350 000
Impact indicator	Increase in biological diversity	- biological diversity is maintained
	Management of agricultural and forest land of high nature value	- agricultural land of high nature value is maintained

Processing of applications

Documents required

- Application;
- Map of the reference parcel;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

Applying for support payments is simultaneous with applying for other area payments. The applicant submits to the ARIB an area aid application, pursuant to general principles and general procedure, indicating agricultural land use. The ARIB reviews and verifies the application and the documents submitted and makes the decision.

MEASURE 2.2 – NATURA 2000 SUPPORT FOR AGRICULTURAL LAND (213)

Justification

There are approximately 55 000 ha of agricultural lands in Natura 2000 area. Considering the need to maintain biological and landscape diversity, it is necessary to ensure in those agricultural lands compensation for the restrictions, proceeding from the Nature Conservation Act and from meeting the requirements of Council Directive 79/409/EEC on the conservation of wild birds (the birds directive) and of Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (the habitats directive), and for the loss of profit.

For the assurance of the favourable nature conservation condition of the Natura 2000 area habitat types and species referred to in the birds and the habitats directive, those areas have been placed under national protection. According to the Nature Conservation Act, the Natura 2000 areas may be protected as protected areas, special conservation areas and species protection sites. Protected areas and special conservation areas are placed under protection with a Government regulation and species protection sites with a regulation of the minister of the environment. The requirements valid in protected areas and species protection sites have been approved by protection rules. Separate protection rules will be established for each protected area, specifying restrictions for a concrete area. Protection rules for species protection sites will be established by species. Protection rules follow the requirements provided in the Nature Conservation Act, which also provides requirements for special conservation areas.

Possessor of an immovable, which contains a protected area, special conservation area, permanent habitat, individual protected natural object or habitat of a species in the protected category I, or whose immovable is located within such areas, will be issued a protection obligation notice, which also contains the list of provided nature protection restrictions, by the manager of the protected nature object.

In Estonia, Natura 2000 network areas were approved by Order of the Government of the Republic of Estonia, according to which there are 66 SPAs and 509 pSCIs in Estonia. Natura 2000 network area includes approximately 55 000 ha of agricultural land. For the preservation, incl. restoration and maintenance, of semi-natural habitats being a part of a protected area, a special conservation area or a species protection site, nature conservation payments administered by the Ministry of the Environment have been paid in Estonia since 2001. From 2007, support for the maintenance of semi-natural habitats is paid under the ERDP 2007–2013, restoration is still supported with nature conservation payments.

Legal basis

Article 38 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The overall objective of Natura 2000 support for agricultural land is to ensure conformity with nature protection requirements in Natura 2000 network areas, to maintain agricultural activity in those areas and to contribute to coping with handicaps, resulting from the implementation of Council Directive 79/409/EEC on the conservation of wild birds and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, in order to ensure the efficient management of Natura 2000 areas.

Target group

Beneficiaries

Support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person) who are entitled to receive support under the Single Area Payment Scheme for the same land.

Requirements for an applicant

The applicant for the support must follow good farming practice in its entire economic unit. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, good farming practice will be substituted by the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003. In addition, applicant must meet the good agricultural and environmental conditions provided in Article 5 and Annex IV of Council Regulation (EC) No 1782/2003, and the requirements established by protection rules or protection procedure of the special conservation area proceeding from the Nature Conservation Act (e.g. it is not allowed to establish or maintain a land improvement system or to use a biocide, a pesticide or a fertilizer). The more detailed provisions on minimum requirements have been given in Annex 3.

Control and sanctions

In case of non-compliance with the support payment requirements, incl. good farming practice, the ARIB will reduce support payments pursuant to procedure prescribed by national legislation and according to reduction rates.

Support payments

Support rate and the principles of its calculation

Support rate is 32 EUR (502 EEK) per hectare a year. In support rate calculations, the restrictions on the use of agricultural land for the designated purpose, proceeding from § 30, 31 and 33 of the Nature Conservation Act serve as the basis.

Target area

Support payments are granted for agricultural land located in Natura 2000 areas approved by the Order of the Government of the Republic of Estonia.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of beneficiaries in Natura 2000 area	1500
	Supported agricultural land in Natura 2000 area, ha	38 000

Result indicator	Areas under successful land management, ha	38 000
Impact indicator	Increase in biological diversity (farmland bird species population)	Biological diversity is maintained
	Change in high nature value areas	Area of high nature value areas is maintained or increases
	Change in gross nutrient balance	No essential impact
	Increase in production of renewable energy	No essential impact

Processing of applications

Documents required

- Application;
- Map of the reference parcel;
- Other proving documents, if needed.

Paying Agency and implementing authorities

The ARIB, the State Nature Conservation Centre, the Environmental Inspectorate.

The ARIB verifies the areas and the conformity to the baseline requirements. Compliance with the requirements provided in the Nature Conservation Act is verified by the State Nature Conservation Centre and the Environmental Inspectorate.

Application assessment procedure

Applying for support payments is simultaneous with applying for other area payments. The applicant submits to the ARIB an area aid application, pursuant to general principles and general procedure, indicating agricultural land use. The ARIB reviews the application and the documents submitted and makes the decision.

Connections with other measures

In case of overlapping of areas, the applicant for support cannot apply at the same time on the same registered immovable for the support provided in Article 36 (b) of Council Regulation (EC) No 1698/2005.

MEASURE 2.3 – AGRI-ENVIRONMENTAL SUPPORT (214)

Objectives

The overall objectives of this measure are as follows:

- to promote the implementation and continual use of environmentally friendly management methods in agriculture;
- to preserve and increase biological and landscape diversity;
- to help the agricultural producers acting in an environmentally favourable way to get adequate income;
- to increase the environmental awareness of agricultural producers.

Legal basis

Article 39 (1–4) of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Structure of the measure

This measure includes the following submeasures:

- support for environmentally friendly management;
- support for organic production;
- support for keeping animals of local endangered breeds;
- support for growing plants of local varieties;
- support for the maintenance of semi-natural habitats.

Connections with other measures or submeasures

It is forbidden to apply simultaneously for supports for environmentally friendly management, for organic farming or for the maintenance of Natura 2000 area semi-natural habitats, regarding one and the same land.

In combining different submeasures of agri-environmental support, the amounts of support paid per hectare or per animal must not exceed the maximum rates provided in Annex of Council Regulation (EC) No 1698/2005. Any exceeding of those maximum rates is avoided during the processing of applications in the ARIB.

Natura 2000 support for agricultural land, animal welfare support: support for grazing animals and support for non-productive investments (support for the establishment and restoration of stonewalls; support for the establishment of mixed species hedgerows) also contribute to the attainment of agri-environmental support objectives, incl. the maintenance of high nature value areas, numbers of birds nesting on agricultural land and the abundance of species. Besides, for the restoration and maintenance of semi-natural habitats, nature conservation payments administered by the Ministry of the Environment have been paid in Estonia since 2001. From 2007, support for the maintenance of semi-natural habitats is paid under the ERDP 2007–2013, restoration and in precisely specified cases also maintenance are still supported with nature conservation payments.

Requirements

The applicant must follow in its entire holding the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2. Agri-environmental support is being paid for the following of requirements going beyond the baseline established by relevant legislative acts. In case of agri-environmental support, the applicant commits to conform to the relevant requirements for at least 5 years.

Measure-specific requirements are indicated by each relevant submeasure and the more detailed requirements will be established by the regulations of the minister of agriculture.

Impacts

As a result of support the number of agricultural holdings using environmental planning will increase, also the awareness of agricultural producers will increase. In this connection, biological and landscape diversity also improves and water pollution risk decreases.

The problems referred to in point 3.1.3 above can be solved by the following activities:

- growing legume crops and grasses (soil fertility grows, the use of plant protection products and mineral fertilizers decreases, which improves the status of aquatic environment);
- winter plant cover (the elution of soil nutrients decreases, more winter cereals are grown, additional habitats and feeding places are created for the animals and birds of agricultural landscape);
- restriction of the use of mineral fertilizers (the status of aquatic environment gets better);

- better production planning (general fertilization planning, the use of soil and manure analyses in fertilization planning);
- increase in the use of certified seed (weed infestation and the spread of plant diseases are avoided, indirect contribution to plant variety breeding);
- leaving strips covered with perennial flora to field edges (biological and landscape diversity is improved);
- increase in the awareness of agricultural producers of the environment (obligatory training as a precondition or entry requirement for receiving support); for example, soil and nutrients as one training subject, information is given on soil protection, incl. the preservation of organic matter; at the same time, directions for the use of soil analyses in the production activity of the enterprise are also treated. Trainings in environmentally friendly plant protection, grassland management and biological and landscape diversity are also planned. Under compulsory trainings, applicants' knowledge of general agri-environmental aspects will also be improved as besides support requirements the producers well aware of all important aspects will also apply other ways of management, useful for the agri-environment;
- restriction of the use of glyphosates and plant protection products in nitrate-vulnerable area (improvement of food safety and biological diversity);
- preparation of enterprise territory maps in nitrate-vulnerable area (increase in the awareness of agricultural producers of the water bodies in their territory and of the potential hazardous point pollution sources);
- with the support for keeping animals of local endangered breeds and the support for growing plants of local varieties, the survival of those breeds and varieties is ensured. The support is also important with regard to the maintenance of cultural heritage;
- the support for organic production contributes to the increase in biological and landscape diversity. At the same time, it is very important for Estonia to contribute to the increase in the volume of organic products marked as organic products in trade;
- the support for the maintenance of semi-natural habitats contributes to the preservation of high nature value areas, incl. the preservation of biological and landscape diversity.

In Estonia, several restrictions on agricultural production stricter than in the other EU Member States have been established with national environmental legislation. In particular, the requirements provided in the Water Act and the Nature Conservation Act are related to the Axis II measures and contribute to the attainment of objectives. It is obligatory to follow those requirements and they are supervised by the Environmental Inspectorate. Therefore, for the improvement of the status of the environment, it is not expedient to make certain requirements stricter and they cannot be used as additional requirements in support schemes. For example, in the Water Act, water protection zones extending to 1–20 m established for the recipients of smaller land improvement systems in case of the Baltic Sea and big lakes have been provided for the protection of water status.

In comparison with several other EU Member States, the requirement of the Water Act providing that all Estonian agricultural producers must follow the requirements established for sensitive areas in Article 4 (a, b) of Council Directive 91/676/EEC (nitrate directive), is also stricter. Proceeding from that, it is allowed to give on an average up to 170 kg of nitrogen per one hectare of cultivated area in Estonia.

With the Nature Conservation Act, fertilization, use of plant protection products and the establishment or maintenance of a land improvement system is prohibited or regulated on agricultural lands located in Natura 2000 areas.

Control and sanctions

In case of non-compliance with baseline requirements, the ARIB will reduce support payments pursuant to procedure prescribed by national legislation and according to reduction rates.

Replacement of commitments

The final recipient of the support for environmentally friendly management or of the support for organic production may according to Article 27 (11) of Commission Regulation (EC) No 1974/2006 within the 5-year commitment period replace his/her commitment either partly or fully with the commitment of the maintenance of semi-natural habitats without any call for repayment of the support paid for the area of duly replaced agricultural land in the last years. The same applies to the ERDP 2004–2006 environmentally friendly production or organic production commitments.

The applicant may replace the environmentally friendly production commitment taken under the ERDP 2004–2006 with the ERDP 2007–2013 environmentally friendly management or organic production support commitment and organic production commitment of ERDP 2004–2006 can be replaced with ERDP 2007–2013 organic production commitment without any recovery of the support of the previous years paid for the area of agricultural land. The commitment concerning the animals of endangered breeds taken under the ERDP 2004–2006 may be replaced by an applicant with the commitment under the ERDP 2007–2013.

Target levels of common indicators

Type of indicator	Indicator	Target
Output indicator	Number of farm holdings and holdings of other land managers receiving support	7500
	Total area under agri-environmental support	545 000 ha Incl.: environmentally friendly management 400 000 ha organic farming 100 000 ha maintenance of genetic resources 10 000 ha maintenance of semi-natural habitats 35 000 ha
	Physical area under agri-environmental support	535 000 ha
	Total number of contracts	9300 contracts Incl.: environmentally friendly management 5000 organic farming 1800 maintenance of genetic resources 1000 maintenance of semi-natural habitats 1500

	Number of actions related to genetic resources	2 actions, incl. support for the preservation of 1 plant variety and 4 animal breeds
Result indicator	Area under successful land management, contributing to: a) biological diversity and high nature value agriculture and forestry; b) water quality; c) soil quality.	535 000 ha 500 000 ha 500 000 ha
Impact indicator	Reversal in biodiversity decline	Abundance of farmland bird species and birds is stable or increases
		Abundance of vascular plants is stable or increases
		Abundance of invertebrates (bumblebees) is stable or increases
	Management of high nature value agricultural and forest land	Changes in high nature value areas
	Maintenance and improvement of water quality	Changes in gross nutrient balance
Maintenance and improvement of soil fertility	Changes in soil organic matter, pH, P and K content	

Financial allocation

Indicative budget of the support for environmentally friendly management is 105,2 million EUR (1 646 million EEK), support for organic production is 55,8 million EUR (873 million EEK), support for keeping animals of local endangered breeds is 3,5 million EUR (54,7 million EEK), support for growing plants of local varieties is 0,9 million EUR (14 million EEK) and support for the maintenance of semi-natural habitats is 26,8 million EUR (419,3 million EEK). The indicative total budget for the agri-environmental support for the years 2007–2013 is 192,3 million EUR (3008,8 million EEK), out of this amount 18,7 million EUR (292,9 million EEK) is foreseen for the commitments taken under the ERDP 2004–2006.

SUBMEASURE 2.3.1 – ENVIRONMENTALLY FRIENDLY MANAGEMENT

Justification

Since the beginning of 1990s, the negative impact of agriculture on the environment (e.g. water pollution) has been decreasing to some extent, due to the decrease in production volumes. At the same time, several problems have persisted, and some new problems have appeared, like leaving agricultural land out of use, as a result of which the spread of weeds increases, open agricultural landscapes become overgrown with shrubs and valuable semi-natural habitats are perishing.

As the economic conditions improve, the negative impact on the environment increases again. For example, the use of plant protection products and mineral fertilizers is growing again, and this may bring about water pollution and decrease in biological diversity, unless modern environmentally friendly technologies are used.

The decrease of soil organic matter and nutrients, caused by the lack of classical crop rotation, nutrient balance data and fertilization plans, by growing monocultures and by the decrease in the use of solid manure is one of the biggest problems. Much attention should be given to the maintenance of the soil organic matter content, in order to avoid the exhaustion of soil. With underfertilization (impoverishment of soils) more organic matter will be taken out from field while growing of crops than being applied to. Among the others, the content and diversity of the living organisms in soils will reduce, further causing the reduction of other biological diversity (plant species etc.). In Estonia, soil and manure sampling has not become good practice yet. The ERDP provides that soil and manure sampling at least once within the 5-year commitment period is compulsory for all producers. The following aspects of taking soil samples are controlled: whether necessary number of soil samples has been taken; whether they have been analyzed by the accredited laboratory; whether the report describing the results of the analyses is available in the agricultural holding. Rising of farmers' awareness regarding the following of the results of soil analyses in the agricultural practices is the key factor. Being aware of analyse results, it is possible to reduce underfertilization (impoverishment of soils) and overfertilization and environmental pollution caused by overfertilization (this will be verified in the holding of the beneficiary). The subject of soil protection will be dealt more comprehensively (incl. what exactly should be changed in the agricultural practices on the basis of the results of the soil analysis) in the compulsory trainings. Each year, applicants must prepare a fertilization plan, in which analyse results must be taken into account.

According to the Water Act, with manure it is allowed to use 170 kg/N per hectare of cultivated land and such an amount of mineral fertilizers, which is necessary for plant growth (in nitrate-vulnerable area, it is allowed to use the total of 170 kg/N per hectare as organic and mineral fertilizer). On estimate, annually 60 kg/N per hectare on an average is used in Estonia. Proceeding from above mentioned, with respect to plant growing, bigger usage of fertilizers cannot be regarded as a problem. At the same time, the objective of environmental support is to prevent the use of fertilizers within the maximum limits permitted with the Water Act.

Here and there, big fields and the disappearance of valuable landscape elements, which has negative impact both on soil (wind and water erosion) and on biological and landscape diversity (disappearance of habitats and species), is also a problem.

Within the last 10 years, the production and usage of certified seed has decreased with respect to all arable crops, the biggest decline is observed in the production of certified grain seed and seed potato. For example, in 1998–1999 only 7% of grain area was sown with certified seed. Use of certified seed reduces weed infestation and the need for the application of herbicides. Due to the disuse of certified seed, the recent spread of wild oats (*Avena fatua*) has been extremely harmful. In case of certified seed, the spread of plant diseases is observed more rarely and it is not necessary to apply big quantities of plant protection products. Certified seed has been controlled both for weeds (seeds of other plant species) and plant diseases. The insufficient use of certified seed also restricts the receipt of operational lease due for plant growers and owners of plant varieties, which in its turn makes the development of new improved varieties more difficult.

One of the reasons for the aforementioned problems is the low awareness of agricultural producers of the environment and the low consideration of environmental aspects in production planning.

The most fertile soils of Estonia are located in the nitrate-vulnerable area. This makes agricultural production complicated there. Therefore, compared with the average of Estonia, land use is 50% more intensive in this area. The same can be said about livestock farming – 35% of cattle, 30% of pigs and 12,5% of poultry are raised in nitrate-vulnerable area. In the course of reforms, agricultural production has also decreased a lot in nitrate-vulnerable area. This is the reason for the considerable increase in groundwater quality in the meantime. Considering the results of the groundwater monitoring of 2005, the concentration of nitrate ions in groundwater tends to increase again.

Although the usage of plant protection products is higher than in previous years, considerable increase in the use of one active substance particularly causes problems. The problem primarily lies in food safety as glyphosates remain on the surface of grains for some time. Likewise, the degradation compounds of glyphosates may even be more toxic than the preparation itself.

The evaluation of the agri-environmental support of the ERDP 2004–2006 has brought out that the awareness of producers of the objectives of agri-environmental support is relatively low, for which it is necessary to increase the number of statutory trainings and to add new subjects (e.g. biological diversity).

Statutory training as a precondition (entry requirement) is planned to cover 4 subjects:

- soil and nutrients (soil and its qualities, soil sampling and the interpretation of analyse results, nutrient assimilation, soil protection and preparation, reduction of the loss of nutrients, selection of suitable machinery, etc.; successive cropping and crop rotation; environmentally friendly fertilization; manure management (how to reduce the loss of nutrients);
- environmentally friendly plant protection (weeds, their prevention and control; pests and diseases, their prevention and control);
- environmentally friendly grassland management (establishment and re-seeding of grasslands, seed blends; fertilization; mowing; grazing);
- biological and landscape diversity.

Under compulsory trainings, applicants' knowledge of general agri-environmental aspects will also be improved as besides support requirements the producers well aware of all important aspects will also apply other ways of management, useful for the agri-environment. This has been proved by the evaluation of agri-environmental support so far. Besides, several requirements for which environmental support could be paid, are hard to control and will therefore not be established as requirements. At the same time, it is possible to ensure conformity to those requirements through the increase in producers' awareness. Practice so far has proved that in comparison with the past, well-informed and -trained producers are much more interested in broader agri-environmental problems, incl. biological diversity. As a result of that, in their choice of cultivation practices, producers have started to take living nature more into consideration.

Estonia has supported environmentally friendly management since 2001 in two pilot areas. Since 2004, producers have been paid support for environmentally friendly production under the ERDP 2004–2006. Within this period, about 5500 producers took the environmentally friendly production commitment for the area, which totalled to approximately 450 000 ha.

In 2007, according to the requirements and the budget provided in the ERDP 2004–2006, applications for the support for environmentally friendly production will be accepted from the producers of the nitrate-vulnerable area, who do not have any valid environmentally friendly production commitment. When the support for environmentally friendly production will be replaced in the framework of the ERDP 2007–2013 by the more elaborated support for environmentally friendly management, the producers who took the commitment of the

support for environmentally friendly production in nitrate-vulnerable area in 2007, must transfer to the support for environmentally friendly management.

Legal basis

Article 39 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objectives of the support for environmentally friendly management are the following:

- to promote the introduction and continual use of environmentally friendly management methods in agriculture, in order to protect and increase biological and landscape diversity and to protect the status of water and soil;
- to expand environmentally friendly planning in agriculture;
- to increase the awareness of agricultural producers of the environment.

Target group

Beneficiaries

This support is available for farmers (sole proprietors and companies).

Land covered by support

Support is paid for arable land entered in the register of agricultural supports and reference parcels, incl. short-term (up to 4 years) grassland.

Support requirements

The applicant must follow the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2 in its entire holding and the requirements of the support for environmentally friendly management on the arable land of the whole enterprise.

No	Baseline requirement (support will be paid for requirements going beyond the baseline requirements)	Additional requirement for environmentally friendly management
1	It is not allowed to grow cereals in the same field for more than 3 successive years and the same cereal, legume, intertilled, fibre or oil crop species in the same field for more than 2 successive years.	The applicant must prepare an environmentally friendly production plan for the whole arable land (excl. permanent grassland) of the holding, which should include the following: 1) preparing a crop rotation plan, on the basis of which the applicant has to follow crop rotation in plant produce production; 2) every year, legumes or mixture of legumes and grasses must be grown in at least 15% of arable land;
2	In a nitrate-vulnerable area, from 1 November until 31 March, at least 30 % of the land under cultivation and used by an agricultural producer shall be under plant cover.	3) in the time period from 1 November to 31 March, at least 30% of cultivated area must be under plant cover (e.g. hibernating crops, such as winter cereals, winter rape, winter turnip rape, grass plants, etc.) (the support requirement is established nationwide).

3	<p>Usable agricultural area must be used for growing the agricultural crops sown or planted no later than on 15 June, using the agrotechnical methods meeting local standards and avoiding the spread of weeds, or the agricultural land in use must be kept as black fallow.</p>	<p>4) at least 15% of the area sown (incl. at least 10% of the area under cereals) must be sown with certified seed;</p>
4	<p>Up to 170 kg of N per year on an average may be applied with manure on a hectare of cultivated area. Up to 30 kg of P per year on an average may be applied with mineral fertilizers on a hectare of cultivated area and such an amount of N as is needed for agricultural crops and as is in compliance with the requirements provided by a regulation of the Government of the Republic. Quantities of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.</p> <p>In a nitrate-vulnerable area, it is allowed to use an average of up to 170kg of N with manure and mineral fertilizers a year per one hectare of land under cultivation. Quantities of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.</p> <p>In a nitrate-vulnerable area, it is not allowed to use an average of more than 140 kg of the total volume of N with mineral fertilisers a year per hectare of land under cultivation. Amounts of mineral nitrogen exceeding 100 kg per hectare shall be spread in parts.</p> <p>Agricultural producer must keep a field book</p>	<p>5) the allowed annual total application of mineral fertilizers and manure per hectare of field is up to 170 kg of nitrogen, of which 100 kg with mineral fertilizers. In nitrate-vulnerable area, complementary provisions proceeding from the Water Act and stricter than the above mentioned requirements must be considered.</p> <p>6) preparation of a fertilization plan which will include information about the planned fertilization in each year of commitment.</p>
5	<p>Applicant must participate in the environmentally friendly management training on the issues of soil and nutrients.</p>	<p>7) taking soil samples – once within the commitment period, the applicant must organise the sending of soil samples to an accredited laboratory for the determination of soil acidity, content of P and K that plants can assimilate, and content of organic matter, organic carbon or humus in soil.</p> <p>8) taking manure samples – if more than 10 LU are kept in the enterprise, the applicant must organise the sending of manure samples to an accredited</p>

		laboratory for the determination of dry weight, total N, ammonium nitrate and nitrate content of manure once within the commitment period.
6	Plant protection products may be used only under the conditions, for the purposes, in the manner and at the application rate specified on the labelling, and observing the number of applications and waiting periods before and after using the products.	9) in crop farming it is not allowed to use plant growth regulators and the use of glyphosates is only allowed after crop harvesting. In case of grasslands, it is only allowed to use glyphosates on seed fields before crop harvesting.
7	In areas surrounding springs and sinkholes and in a range of 10m from the boundary of the water or from the edge of a sinkhole, it is prohibited to use fertilisers and plant protection products and to engage in any other activities endangering water quality.	10) preparation of enterprise territory maps – the applicant applying for support in nitrate-vulnerable area must map the water bodies, areas of unprotected groundwater, wells, combined water intakes, sinkholes and springs and potentially hazardous water pollution sources etc.
8	Usable agricultural area must be used for growing the agricultural crops sown or planted no later than on 15 June, using the agrotechnical methods meeting local standards and avoiding the spread of weeds. Grassland established before the year of submitting the application must be mowed or grazed at least once before 31 July. The mowed grass must be removed or chopped no later than on 31 July. On grassland used for the grazing of livestock, stocking density must ensure the result similar to mowing. In case of insufficient result, grassland must be mowed once again. Sufficient stocking density should be approximately 0,5 LU per hectare. The required activities must be conducted in a way that allows them to be visually identified in the whole area indicated in the application.	11) in case of the fields bigger than 10 ha, at least 2 m wide strips covered with perennial flora must be left or established to field edges bordering on the road. Those strips must be mowed.
9	The destruction or spoiling of single natural protected objects referred to in Art. 4(1) of the Nature Conservation Act is prohibited.	12) the applicant must include in the map of the reference parcels the valuable landscape elements established additionally by the legislation. Those valuable elements of landscape must not be damaged or removed during the commitment period.

In order to receive the support the applicant must participate in training on environmentally friendly management. The training subjects and the number of trainings shall be established by the regulation of the minister of agriculture.

Support payments

Support rate

Regarding arable land (except short-term grassland), support rate for the support for environmentally friendly management is 80,53 EUR (1260 EEK) per hectare, annually, and regarding short-term grassland, 51,13 EUR (800 EEK) per hectare, annually.

Principles of unit amount calculation

On arable land of nitrate-vulnerable area, loss of income related to growing legumes and grasses and to the strips covered with perennial flora left to field edges is 17,19 EUR (269,03 EEK) per hectare. Additional cost due to planning, use of certified seed, mowing of the strips covered with perennial flora left to field edges, disuse of glyphosates and plant growth regulators, soil and manure sampling and analysing is 63,31 EUR (990,52 EEK) per hectare. Thus, on arable land of nitrate-vulnerable area, the total amount of support for environmentally friendly management is 80,50 EUR (1259,55 EEK) per hectare a year. The rounded support rate is 80,53 EUR (1260 EEK) per hectare a year.

On the remaining arable land of Estonia, loss of income related to growing legumes and grasses, 30% of winter plant cover and to the strips covered with perennial flora left to field edges is 19,87 EUR (310,88 EEK) per hectare. Additional cost due to planning, use of certified seed, mowing of the strips covered with perennial flora left to field edges, disuse of glyphosates and plant growth regulators, soil and manure sampling and analysing is 60,90 EUR (952,92 EEK) per hectare. Thus, on the remaining arable land of Estonia, the total amount of support for environmentally friendly management is 80,77 EUR (1263,79 EEK) per hectare a year. The rounded support rate is 80,53 EUR (1260 EEK) per hectare a year.

On temporary grasslands, additional cost due to planning, prohibition of the use of glyphosates in the improvement of grasslands, use of certified seed and soil and manure sampling and analysing is 51,11 EUR (799,76 EEK) per hectare. The rounded support rate is 51,13 EUR (800 EEK) per hectare a year.

Target area

The submeasure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target
Output indicator	Number of farm holdings and holdings of other land managers receiving support	5000 applicants
	Number of supported farm holdings and holdings of other land managers receiving training	5000 applicants
	Total area under support	400 000 ha

Result indicator	Area under successful land management, contributing to: a) biological diversity and high nature value agriculture and forestry; b) water quality; c) soil quality.	400 000 ha 400 000 ha 400 000 ha
Result indicator (additional indicator)	Share of total area under legumes or mixture of legumes and grasses in total supported area	60 000 ha
	Share of total area under winter plant cover in total supported area	120 000 ha
Impact indicator	Reversal in biodiversity decline	Abundance of farmland bird species and birds is stable or increases
		Abundance of vascular plants is stable or increases
		Abundance of invertebrates (bumblebees) is stable or increases
	Maintenance and improvement of water quality	Changes in gross nutrient balance
		Reduction of glyphosate content in the groundwater of nitrate-vulnerable area
Maintenance and improvement of soil fertility	Positive changes in soil organic matter, pH, P and K content	
Impact indicator (additional indicator)	Changes in environmental awareness of agricultural producers	Increase in environmental awareness of agricultural producers

Processing of applications

Documents required

- Application;
- Map of the reference parcel;
- In the first year of commitment, confirmation of the commitment taken.

Paying Agency

The ARIB.

Processing of applications

Applying for support payments is simultaneous with applying for area payment. In the first year of applying, the applicant submits to the ARIB an application, indicating agricultural land use, a confirmation of the 5-year commitment and the map of the reference parcel pursuant to general principles and general procedure. In the next years, the applicant submits an application for the year concerned and the map of the reference parcel. The applicant must have the other documents available for on-the-spot check.

SUBMEASURE 2.3.2 – SUPPORT FOR ORGANIC PRODUCTION

Justification

Organic production support payments have been made all over Estonia since 2000. The area of land used for organic production has rapidly grown since then. If in 2002, there were 583 approved organic producers in Estonia, who managed a total of 30 550 ha of organically farmed land or transitional land, then in 2006, a total of more than 70 000 ha of agricultural land was in organic use.

Within the framework of the ERDP 2004–2006, support for organic production is granted in three groups of crops: long-term / natural grasslands – 73,88 EUR/ha (1156 EEK/ha), field crops (except vegetables, medicinal herbs and aromatic herbs – 96,89 EUR/ha (1516 EEK/ha), and permanent crops, vegetables, medicinal herbs and aromatic herbs – 240,56 EUR/ha (3764 EEK/ha). In 2005, support for organic production was granted for 897 applicants managing a total of 48 736 ha of land. Presently, more than 80% of organically farmed land is covered by grasslands.

At the same time, the share of organic products in trade has not increased, primarily due to the organic produce processing industry and market development lagging behind. In addition to the need for additional investments, there is a need for advice on organic production and organic produce processing. Presently, less than 15% of the organically grown wheat and barley is sold as organically produced cereals, the respective figure for milk is even lower – just 0,4%. The situation with other organic products being sold as organic products is better. Thus, in 2007–2013 it is necessary to contribute to the better integration of organic production and marketing. This will also help to improve the overall status of the environment. According to the Estonian Organic Farming Development Plan 2007–2013, the objective is to increase organically farmed area from 72 800 ha to 120 000 ha, the number of organic producers from 1173 to 2000, the number of the enterprises processing organic products from 14 to 75 and the share of Estonian organic products in the market of foodstuffs from 0,15% to 3% by the end of the year 2013.

In 2007 and 2008, under the ERDP 2004–2006 and within the budget, applications for the support for organic production will be accepted from the producers not having any valid organic production commitment. When under the ERDP, the former support for organic production will be replaced by the improved support for organic production, the producers who took the commitment to produce organically since 2007 or 2008, must transfer to the ERDP organic production commitment.

Legal basis

Article 39 of Council Regulation (EC) No 1698/2005, on the support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objectives of the support for organic production are the following:

- to maintain and increase biological and landscape diversity and to maintain and improve soil fertility and water quality;

- to support the development of organic farming and to contribute to the increase in the volume of organic products;
- to support and improve the competitiveness of organic farming.

Target group

Beneficiaries

This support is available for farmers (sole proprietors and companies).

Land covered by support

The land covered by support should be entered into the register of agricultural supports and reference parcels.

Support requirements

1. The applicant must follow the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2 in its entire holding.
2. The applicant must follow the Organic Farming Act (based on the requirements of Council Regulation (EC) No 2092/91 and starting from 2009, Council Regulation (EC) No 834/2007) – the enterprise must be approved according to the Organic Farming Act and must follow the requirements for organic production. In the fourth year of the 5-year commitment, the requirements for organic crop farming provided in the Organic Farming Act must be followed on the agricultural land of the whole holding. If animals are kept in the holding according to the Organic Farming Act, the requirements of organic animal husbandry must be met during all of the rest of the commitment period, regarding those animals possessed by the applicant. On the agricultural land of the holding, where the requirements of the Organic Farming Act are followed, the requirements of organic plant production must be met during all of the rest of the commitment period, regarding that agricultural land possessed by the applicant.

Organic production shall be based on the following principles (according to Council Regulation (EC) No 834/2007):

- the appropriate design and management of biological processes based on ecological systems using natural resources which are internal to the system by methods that:
 - use living organisms and mechanical production methods;
 - practice land-related crop cultivation and livestock production or practice aquaculture which complies with the principle of sustainable exploitation of fisheries;
 - exclude the use of GMOs and products produced from or by GMOs with the exception of veterinary medicinal products;
 - are based on risk assessment, and the use of precautionary and preventive measures, when appropriate;
- the restriction of the use of external inputs. Where external inputs are required or the appropriate management practices and methods referred to in previous point do not exist, these shall be limited to:
 - inputs from organic production;
 - natural or naturally-derived substances;
 - low solubility mineral fertilisers;
- the strict limitation of the use of chemically synthesized inputs to exceptional cases these being:
 - where the appropriate management practices do not exist; and

- the external inputs referred to in previous point are not available on the market;
or
- where the use of external inputs referred to in previous point contributes to unacceptable environmental impacts;
- the adaptation, where necessary, and within the framework of the Council Regulation (EC) No 834/2007, of the rules of organic production taking account of sanitary status, regional differences in climate and local conditions, stages of development and specific husbandry practices.

In addition to the overall principles, organic farming shall be based on the following specific principles:

- the maintenance and enhancement of soil life and natural soil fertility, soil stability and soil biodiversity preventing and combating soil compaction and soil erosion, and the nourishing of plants primarily through the soil ecosystem;
- the minimisation of the use of non-renewable resources and off-farm inputs;
- the recycling of wastes and by-products of plant and animal origin as input in plant and livestock production;
- taking account of the local or regional ecological balance when taking production decisions;
- the maintenance of animal health by encouraging the natural immunological defence of the animal, as well as the selection of appropriate breeds and husbandry practices;
- the maintenance of plant health by preventative measures, such as the choice of appropriate species and varieties resistant to pests and diseases, appropriate crop rotations, mechanical and physical methods and the protection of natural enemies of pests;
- the practice of site-adapted and land-related livestock production;
- the observance of a high level of animal welfare respecting species-specific needs;
- the production of products of organic livestock from animals that have been raised on organic holdings since birth or hatching and throughout their life;
- the choice of breeds having regard to the capacity of animals to adapt to local conditions, their vitality and their resistance to disease or health problems;
- the feeding of livestock with organic feed composed of agricultural ingredients from organic farming and of natural non-agricultural substances;
- the application of animal husbandry practices, which enhance the immune system and strengthen the natural defence against diseases, in particular including regular exercise and access to open air areas and pastureland where appropriate;
- the exclusion of rearing artificially induced polyploidy animals;
- the maintenance of the biodiversity of natural aquatic ecosystems, the continuing health of the aquatic environment and the quality of surrounding aquatic and terrestrial ecosystems in aquaculture production;
- the feeding of aquatic organisms with feed from sustainable exploitation of fisheries as defined in Article 3 of Council Regulation (EC) No 2371/2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy or with organic feed composed of agricultural ingredients from organic farming and of natural non-agricultural substances.

3. In addition to requirements described above the applicant must also follow the following requirements:

No	Baseline requirement (support will be paid for requirements going beyond the baseline requirements)	Additional requirement for the support for organic production
1	It is not allowed to grow cereals in the same field for more than 3 successive years and the same cereal, legume, intertilled, fibre or oil crop species in the same field for more than 2 successive years.	The applicant must prepare the organic production plan of the holding, which should include the following: 1) preparing a crop rotation plan, on the basis of which the applicant has to follow crop rotation in plant produce production; 2) every year, at least 15% of legumes or mixture of legumes and grasses must be grown in arable land;
2	In a nitrate-vulnerable area, from 1 November until 31 March, at least 30 % of the land under cultivation and used by an agricultural producer shall be under plant cover.	3) in the time period from 1 November to 31 March, at least 30% of cultivated area must be under plant cover (e.g. hibernating crops, such as winter cereals, winter rape, winter turnip rape, grass plants, etc.) (the support requirement is established nationwide);
3	Usable agricultural area must be used for growing the agricultural crops sown or planted no later than on 15 June, using the agrotechnical methods meeting local standards and avoiding the spread of weeds, or the agricultural land in use must be kept as black fallow.	4) at least 15% of the area sown must be sown with certified seed;
4	Up to 170 kg of N per year on an average may be applied with manure on a hectare of cultivated area. Agricultural producer must keep a field book	5) preparation of a fertilization plan which will include information about the planned fertilization in each year of commitment;
5	Applicant must participate in the training on the issues of soil and nutrients.	6) taking soil samples – once within the commitment period, the applicant must organise the sending of soil samples to an accredited laboratory for the determination of soil acidity, content of P and K that plants can assimilate, and content of organic matter, organic carbon or humus in soil; 7) taking manure samples – if more than 10 LU are kept in the enterprise, the applicant must organise the sending of manure samples to an accredited laboratory for the determination of dry weight, total N, ammonium nitrate and nitrate content of manure once within the commitment period;
6	When applying for support, the applicant	8) preparation of enterprise territory maps

	<p>must list all the fields of its holding.</p> <p>In areas surrounding springs and sinkholes and in a range of 10m from the boundary of the water or from the edge of a sinkhole, it is prohibited to use fertilisers and plant protection products and to engage in any other activities endangering water quality.</p>	<p>– the applicant applying for support in nitrate-vulnerable area must map the water bodies, areas of unprotected groundwater, wells, combined water intakes, sinkholes and springs and potentially hazardous water pollution sources etc.;</p>
7	<p>Usable agricultural area must be used for growing the agricultural crops sown or planted no later than on 15 June, using the agrotechnical methods meeting local standards and avoiding the spread of weeds.</p> <p>Grassland established before the year of submitting the application must be mowed or grazed at least once before 31 July. The mowed grass must be removed or chopped no later than on 31 July. On grassland used for the grazing of livestock, stocking density must ensure the result similar to mowing. In case of insufficient result, grassland must be mowed once again. Sufficient stocking density should be approximately 0,5 LU per hectare.</p> <p>The required activities must be conducted in a way that allows them to be visually identified in the whole area indicated in the application.</p>	<p>9) in case of the fields bigger than 10 ha, at least 2 m wide strips covered with perennial flora must be left or established to field edges bordering on the road. Those strips must be mowed;</p>
8	<p>The destruction or spoiling of single natural protected objects referred to in Art. 4(1) of the Nature Conservation Act is prohibited.</p>	<p>10) the applicant must include in the map of the reference parcels the valuable landscape elements established additionally by the legislation. Those valuable elements of landscape must not be damaged or removed during the commitment period.</p>

Other support requirements:

- natural grassland must not be cultivated or fertilized;
- in fruit and berry gardens, areas under the tops of the trees and spaces between rows must be mowed at least once a year by 31 July;
- in order to receive the support the applicant must participate in training on organic production. The training subjects and the number of trainings shall be established by the regulation of the minister of agriculture.

Support payments

Support rate

The support payments for organic production are granted in 3 groups, considering the crop grown:

- if in case of grasslands (except the grassland used as up to 2-year cover crop) at least 0,3 LU of organically kept animals are kept in an enterprise per hectare a year – 88,84 EUR (1390 EEK) per hectare, annually. In different agricultural regions, the minister of agriculture may establish a different rate of livestock units;
- cereals, legumes, technical crops, potatoes and fodder roots and the grassland used as cover crop of up to 2 years – 119,2 EUR (1865 EEK) per hectare, annually;
- open area vegetables, medicinal herbs and aromatic herbs, fruit crops and berries – 349,60 EUR (5470 EEK) per hectare, annually;

Principles of unit amount calculation

In case of grasslands (save the grassland used as 2-year cover crop), loss of income caused by 30% smaller harvest (incl. lower input value) is 38,81 EUR (607,30 EEK) per hectare a year. Additional cost due to planning, soil and manure sampling and analysing, control of production, manure spreading, grazing and the reconstruction of livestock buildings is 50,11 EUR (784,06 EEK) per hectare a year. Thus, the total amount of support for the management of organic permanent grasslands, per hectare of which at least 0,3 LU are kept in an enterprise, is 88,92 EUR (1391,36 EEK) per hectare a year. The rounded support rate is 88,84 EUR (1390 EEK) per hectare a year.

Calculated amount of support for growing cereals, legumes, technical crops, up to 2 years old grassland used as cover crop, potatoes and fodder roots is 119,32 EUR (1866,94 EEK) per hectare a year. Loss of income makes up 63,42 EUR (992,27 EEK) of this amount (30% decrease in yield, decrease in income due to the application of crop rotation, 30% with the commitment to keep winter plant cover and to leave strips with perennial flora to field edges). Additional cost due to the control of production, planning, use of certified seed, soil and manure sampling and analysing, manure spreading, mowing strips with perennial flora left to field edges and additional machine work totals to 55,90 EUR (874,68 EEK) per hectare a year. The rounded support rate is 119,2 EUR (1865 EEK) per hectare a year.

Calculated amount of support for growing open area vegetables, medicinal herbs and aromatic herbs, fruit crops and berries is 349,66 EUR (5470,96 EEK) per hectare a year, of which decrease in yield makes up 329,76 EUR (5159,7 EEK). Additional costs of planning, control of production, manure handling and soil and manure analyses is 19,89 EUR (311,26 EEK) per hectare a year. The rounded support rate is 349,60 EUR (5470 EEK) per hectare a year.

Target area

The submeasure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target
Output indicator	Number of farm holdings and holdings of other land managers receiving support	1800 applicants
	Number of supported farm holdings and holdings of other land managers receiving training	1800 applicants
	Total area under support	100 000 ha

Result indicator	Area under successful land management, contributing to:	
	a) biological diversity and high nature value agriculture and forestry;	100 000 ha
	b) water quality; c) soil quality.	100 000 ha 100 000 ha
Result indicator (additional indicator)	Share of total area under legumes or mixture of legumes and grasses in total supported area	15 000 ha
	Share of total area under winter plant cover in total supported area	30 000 ha
Impact indicator	Reversal in biodiversity decline	Abundance of farmland bird species and birds is stable or increases
		Abundance of vascular plants is stable or increases
		Abundance of invertebrates (bumblebees) is stable or increases
	Maintenance and improvement of water quality	Changes in gross nutrient balance
	Maintenance and improvement of soil fertility	Positive changes in soil organic matter, pH, P and K content
Impact indicator (additional indicator)	Changes in environmental awareness of agricultural producers	Increase in environmental awareness of agricultural producers

Processing of applications

Documents required

- Application;
- In the first year of commitment, confirmation of the commitment;
- Documents provided in the Organic Farming Act.

Paying Agency and implementing authorities

The ARIB, the Plant Production Inspectorate.

Processing of applications

Application for the support is submitted to the ARIB. The documents provided in the Organic Farming Act (application for the approval of the enterprise or information about the changes to be effected in the enterprise) are submitted to the Plant Production Inspectorate. The ARIB forwards the list of applicants for the support for organic farming, together with the submitted

data about the land in organic use to the Plant Production Inspectorate. The Plant Production Inspectorate verifies the compliance with the requirements provided in the Organic Farming Act. In case of doubts, the Plant Production Inspectorate presents the relevant data to the ARIB for the inspection of fields.

SUBMEASURE 2.3.3 – SUPPORT FOR KEEPING ANIMALS OF LOCAL ENDANGERED BREEDS

Justification

The list of local endangered breeds of Estonia includes Estonian native horse, Tori horse, Estonian heavy draught, Estonian native cattle and Estonian quail.

According to the FAO classification, Estonian native cattle, Estonian native horse and Tori horse belong to the category of endangered breeds to be maintained and Estonian heavy draught belongs to the category of breeds in critical condition (*World Watch List for Domestic Animal Diversity*, 3rd edition. – 2000./Ed. by Beate D. Scherf. FAO, Rome). According to the data of the Veterinary and Food Board, there were about 760 mares of Estonian native horse, 490 mares of Tori horse and 105 mares of Estonian heavy draught and about 500 Estonian native cows in Estonia in 2006.

The nationwide payment of animal based support for raising Estonian native horse began under agri-environmental support measure in 2002, when support was granted for raising 559 horses. In 2005, the support was implemented within the framework of the ERDP 2004–2006. Support was granted for keeping 939 Estonian native horses and the support rate was 163 EUR (2550 EEK) per horse. The nationwide payment of support for raising Estonian native cattle, Tori horse and Estonian heavy draught began in 2005 within the framework of the ERDP 2004–2006, when support was granted for raising 595 head of Estonian native cattle, 388 Tori horses and 96 Estonian heavy draughts. Quail raising has been supported in Estonia and will be supported within the new period 2007–2013 through the state support for breeding.

The following breeders' associations have been designated by the Veterinary and Food Board as maintainers of endangered breeds:

- Estonian Native Cattle Breed Society – maintainer of Estonian native cattle, incl. herd-book maintenance and issue of pedigree certificates;
- Estonian Horse Breeders' Association – maintainer of Estonian horse, Tori horse and Estonian heavy draught (incl. stud-book maintenance and issue of pedigree certificates, performance testing and approval for breeding);
- Estonian Native Horse Conservation Society – maintainer of Estonian native horse (except performance testing and stud-book maintenance);
- Estonian Poultry Society – maintainer of Estonian quail and performer of performance testing.

Legal basis

Article 39 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of this measure is to ensure the conservation of local endangered breeds valuable for cultural heritage and genetic diversity.

Target group

Beneficiaries

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person).

Support requirements

The applicant must follow in its entire economic unit the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2.

Support will be granted for the following activities:

- keeping a bovine of Estonian native cattle breed, if the animal is at least 6 months old and purebred, has been entered or is suitable for being entered into the main section of the herd-book and into the register of agricultural animals, both parents and both grandparents of the animal have been entered into the main section of the herd-book, and the animal is kept in the economic unit of the applicant during all 5 years of the commitment period. During the commitment period, the applicant may exchange the animal with another animal of the same breed and meeting the same requirements for granting support, without losing the right to get the support in the granted amount;
- keeping an Estonian native horse, Tori horse or Estonian heavy draught, if the animal is at least 6 months old and purebred, has been entered or is suitable for being entered into the main section of the stud-book and identified according to the relevant requirements, and the animal is kept in the economic unit of the applicant during all 5 years of the commitment period. Both parents of a Tori horse must be of Tori horse breed. During the commitment period, the applicant may exchange the animal with another animal of the same breed and meeting the same requirements for granting support, without losing the right to get the support in the granted amount;

Support payments

Support rate

Support rate for keeping an Estonian native horse and a Tori horse is 186,62 EUR (2920 EEK) and 199,08 EUR (3115 EEK) for keeping an Estonian heavy draught. Support rate for keeping a bovine of Estonian native cattle is 196,21 EUR (3070 EEK) per animal a year.

Principles of unit amount calculation

With the support for keeping an Estonian native horse, a Tori horse and an Estonian heavy draught, the annual animal maintenance expenses are partly compensated for as keeping those horse breeds unlike other horse breeds is not profitable. The support for keeping a bovine of Estonian native cattle also partly offsets the lower productivity of the breed, compared to other cattle breeds.

Target area

The submeasure is implemented all over Estonia.

Indicators and target levels

The implementation of this measure will support keeping all Estonian native horses, Tori horses, Estonian heavy draughts and Estonian native cattle kept in conformity with requirements.

The implementation of this measure will increase the number of all the animals of local endangered breeds and decrease the risk of their extinction, and also contribute to the preservation of genetic diversity.

Processing of applications

Documents required

- Application with the list of the animals of endangered breeds kept in the enterprise of the applicant;
- In the first year of commitment, confirmation of the commitment.

Paying Agency and implementing authorities

The ARIB, the Veterinary and Food Board.

Processing of applications

The application for the support with the list of the animals of endangered breeds are submitted to the ARIB. The ARIB forwards the list of applicants together with the data submitted about keeping animals of endangered breeds to the Veterinary and Food Board for verification. The Veterinary and Food Board verifies the applications and the submitted data and presents to the ARIB the data about the conformity with the requirements established for the support for keeping animals of local endangered breeds.

The applicant may exchange the supported animal with another in conformity with the requirements established for the support, notifying the Veterinary and Food Board of this. The animal used for such an exchange must meet the requirements provided in the Regulation in respect of age, parentage, identification and registration.

SUBMEASURE 2.3.4 – SUPPORT FOR GROWING PLANTS OF LOCAL VARIETIES

Justification

The necessity to preserve the genetic resources of local plant varieties is recognised worldwide. Arable crop seed production is often based on imported varieties which have adjusted less to the local growing conditions. Local varieties more suitable for local conditions are discarded because of their lower productivity.

According to international agreements, for cultural crop breeding, each country has to preserve its own parent material. In 2002–2006, agricultural crop genetic material was preserved under the Estonian National Programme “Collection and conservation of plant genetic resources for food and agriculture in 2002–2006”, which will be followed by a follow-up programme.

Healthy parent material, holding valuable disease proof genetic information, serves as the basis for breeding new varieties and for the improvement of usable varieties already bred. The “Sangaste” rye, bred in 1880-s by the owner of the Sangaste manor, the count Friedrich G.M. von Berg (1845–1938), is one of the oldest Estonian cereal varieties which has been preserved and has had an important role in breeding new rye varieties. The “Sangaste” rye is the oldest known cereal variety currently grown in Europe. In comparison with modern rye varieties, “Sangaste” has a longer straw. This increases lodging risk in higher agrobacground and makes harvesting more difficult. In addition, the productivity of the “Sangaste” rye is approximately 15% lower than the productivity of modern rye varieties. For the above mentioned reasons, the annual growing area of the “Sangaste” rye has only been approximately 100 ha during the last 10 years.

Legal basis

Article 39 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of this measure is to ensure the preservation of the local rye variety “Sangaste” valuable for cultural heritage and genetic diversity.

Target group

This support is available for farmers (sole proprietors and companies) with an ongoing commitment of environmentally friendly management or organic farming.

Land covered by support

The land covered by support must be entered in the register of agricultural supports and reference parcels.

Support requirements

The applicant must follow in its entire holding the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2.

Hectare-based support is granted for those agricultural producers who are growing the winter rye variety “Sangaste”. Applicant must within the 5-year commitment period grow the winter rye variety “Sangaste” in each year on at least 2 hectares.

Support payments

Support rate

The amount of support for growing plants of local varieties is 32,28 EUR (505 EEK) per hectare a year for the winter rye variety “Sangaste”.

Principles of unit amount calculation

Additional cost (505 EEK, 32,28 EUR per hectare a year) due to growing the winter rye variety “Sangaste” (25% higher harvesting costs, compared to other rye varieties) is compensated for.

Target area

The submeasure is implemented all over Estonia.

Indicators and target levels

Type of indicator	Indicator	Target
Output indicator	Total area under support	10 000 ha

The implementation of this measure will avoid the extinction of the winter rye variety “Sangaste”, ensure the preservation of valuable genetic material and the supply of seed necessary for growing local varieties. The measure will contribute to the preservation of genetic diversity and cultural heritage and to the observance of environmentally friendly cultivation practices.

Processing of applications

Paying Agency

The ARIB.

SUBMEASURE 2.3.5 – SUPPORT FOR THE MAINTENANCE OF SEMI-NATURAL HABITATS

Justification

Semi-natural habitats or traditional biotopes (wooded meadows, wooded pastures, coastal meadows, flooded meadows, paludified and fen meadows, alvars, juniper thickets, heaths and grasslands on mineral soil) are the natural habitats transformed by people and standing like this thanks to moderate human influence, in particular to mowing and grazing. Upon the cessation of human influence, traditional biotopes tend to turn into natural habitats again in the course of long-time natural change.

Up to the middle of the 20th century, grass fodder was mainly got from semi-natural grasslands. According to the data of the agricultural census of 1939, cultivated grasslands made up only 3,4% of the whole grassland area. In addition to high aesthetic value, the semi-natural habitats of Estonia have one of the most diverse flora and fauna in the world when compared to other regions north of the 57th parallel.

Transition to large-scale production, discarding of traditional management methods, and leaving the lands of lower productivity out of use has significantly decreased the total area of semi-natural habitats in Estonia during the last half a century. Overgrowing of coastal areas causes damage to farmers, as geese and barnacle geese will raid fields when they have no food in their usual feeding places.

The area of wooded meadows has decreased almost hundredfold over the last 70 years; there are 1500 ha of mowed wooded meadows in Estonia at present. Not more than 9000 ha of alvars are in relatively good condition in Estonia. There are about 15 000 ha of maintained waterside meadows and 3000 ha of wooded pastures in Estonia. Due to the complexity of wooded meadows (abundance of different species, presence of bird nests etc.) the importance of hand work in case of mowing and other activities is significant in order to maintaining their favourable status.

Protection of semi-natural habitats is regulated by several conventions – Estonia has joined the Biodiversity Convention, the Bern Convention and the Ramsar Convention and is about to join the Bonn Convention and the related AEWA Agreement. Natura 2000 areas (pSCIs and SPAs) are protected areas of European significance. Therefore, the support for the maintenance of Natura 2000 semi-natural habitats provided in the ERDP is absolutely necessary for conformity to the Community legislation, in particular to Art. 6 of Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, obliging the Member States to ensure the favourable conservation status of the habitats located in Natura 2000 areas.

Semi-natural habitats with high nature value outside of Natura 2000 areas will be supported in the current programming period after they have been precisely designated or included into Natura 2000 area.

In 2005, 17 500 ha of semi-natural habitats were maintained and 1900 ha were restored and 165 000 m of fences were built under the nature conservation support paid from the state budget. 1600 applicants applied for nature protection support, 600 of whom were private persons. The average amount of support payments for maintenance was 83 EUR (1300 EEK) per hectare, the average amount for restoration was 255 EUR (4000 EEK) per hectare. In 2006, the amounts of support payments increased by 30% on an average.

Legal basis

Article 39 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of the support for the maintenance of semi-natural habitats is to ensure the favourable conservation status of the semi-natural habitats located in Natura 2000 areas.

Target group

Beneficiaries

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person) and other land managers. As a result of centuries old maintenance of semi-natural habitats or traditional biotopes, a unique historical heritage has emerged, which forms a valuable part of the natural and cultural heritage of both Estonia and the world (spiritual heritage i.e. traditional songs, folk tales, working methods etc. and material heritage, i.e. rural architecture, tools etc.). In addition to their biological and landscape diversity, the maintenance of semi-natural habitats has been a part of the village culture for centuries. Taken the above mentioned aspects into account the wider list of beneficiaries has been provided in the ERDP.

Support requirements

The applicant must follow in its entire economic unit the cross-compliance requirements provided in chapter 5.2 and the minimum requirements for the use of fertilizers and plant protection products provided in chapter 5.3.2 and the following requirements for the maintenance of semi-natural habitats.

No	Baseline requirement (support will be paid for requirements going beyond the baseline requirements)	Additional requirement for the support for the maintenance of semi-natural habitats
1	Damaging of semi-natural habitats (i.e. destruction of vegetation (turf), fertilization, use of plant protection products, soil cultivation, afforestation, mining of natural resources, construction or development of facilities (incl. ponds or other water bodies) without a permission and the establishment of land improvement systems) is prohibited.	<p>1) semi-natural habitat must be mowed at least once before 1 October using the methods of from-center-to-apart or from-edge-to-edge or must be grazed. Mowing is allowed from the 10 July if not provided otherwise in protection rules, in the management plan, in the species action plan or in the regulation. If the earliest grazing date has been indicated in the protection rules, in the management plan or in the species action plan, the animals may be grazed starting from the date provided in the protection rules or plan. Animals can be grazed on wooded meadows only in case if the wooded meadow has been mowed and the mowed grass has been removed. By the 1 October or the date provided in the protection rules, in the management plan or in the species action plan the mowed grass must be removed and by the 1 May in the year following the applying for support the mowed grass must be taken away.</p> <p>2) vegetation chopping on the semi-natural habitat is allowed only with the permission of a relevant agency.</p>

2	Animal keeper has to ensure the availability of feed and drinking water for his/her farm animals in its economic unit.	3) additional feeding of animals is forbidden on the semi-natural habitat.
3	The destruction or spoiling of single natural protected objects referred to in Art. 4(1) of the Nature Conservation Act is prohibited.	4) the applicant must include in the map of the reference parcels the valuable landscape elements established additionally by the legislation. Those valuable elements of landscape must not be damaged or removed during the commitment period.

In order to receive the support the applicant must participate in training on the maintenance of semi-natural habitats.

The State Natura Conservation Centre issues to the applicant detailed guidelines for the maintenance of semi-natural habitat, where in addition to requirements arising from the legislation individual suggestions concerning the maintenance of specific area are described (i.e. area-specific number of animals per hectare, mowing dates etc.).

Support payments

Support rate

Support rate for the maintenance of a wooded meadow is 238,07 EUR (3725 EEK) per hectare annually, support rate for the maintenance of all the other habitats is 185,98 EUR (2910 EEK) per hectare annually.

Principles of unit amount calculation

In wooded meadow net income lost due to later mowing period (lower milk production of cows) is 108,28 EUR (1694,18 EEK) per hectare annually. Additional costs caused by additional manual work (cutting brush and trees, raking leaves), removing of mowed grass, leaves and branches and using of inefficient working practices (special mowing pattern for the wildlife protection) are 129,88 EUR (2032,22 EEK) per hectare annually.

In other habitats net income lost due to later mowing period and forbidden additional feeding of animals (lower milk production of cows) is 135,35 EUR (2117,73 EEK) per hectare annually. Additional costs caused by additional manual work (cutting brush and trees, raking leaves), removing of mowed grass, leaves and branches and using of inefficient working practices (special mowing pattern for the wildlife protection) are 50,80 EUR (794,92 EEK) per hectare annually.

For the maintenance of a wooded meadow, the rounded support rate is 238,07 EUR (3725 EEK) per hectare a year, for the maintenance of all the other habitats, the support rate is 185,98 EUR (2910 EEK) per hectare a year.

Target area

This support may be applied for a semi-natural habitat entered in the environmental register. First the support may be applied only for the semi-natural habitat located in Natura 2000 area approved by Government Order. Semi-natural habitats with high nature value outside of Natura 2000 areas will be supported in the current programming period after they have been precisely designated or included into Natura 2000 area. The areas partly covered with trees and shrubs or the areas with traditional landscape elements such as stone walls, temporarily flooded areas, traditional wooden hay barns and animal shelters, are regarded as a part of eligible area, if the existence of trees and shrubs or landscape elements is related to traditional agricultural activity or environmental objectives. Support cannot be applied for the land with

respect to which other area-based supports are applied for. The more detailed area designation will be established by the minister of agriculture.

Indicators and target levels

Type of indicator	Indicator	Target
Output indicator	Number of applicants in Natura 2000 area	1500
	Supported area of semi-natural habitats (ha) in Natura 2000 area	35 000
	Supported area of semi-natural habitats (ha) by types in Natura 2000 area	Wooded meadows – 3000 Other habitats – 32 000
Result indicator	Area under successful land management (ha), contributing to biological diversity and high nature value agriculture and forestry	35 000
Impact indicator	Reversal in biodiversity decline	Abundance of birds species and birds is stable or increases, abundance of vascular plants is stable or increases
	Management of high nature value areas	Changes in high nature value areas

Processing of applications

Documents required

- Application, confirmed by the State Nature Conservation Centre;
- In the first year of commitment, confirmation of the commitment;
- Location map of the semi-natural habitat;
- Other related documents provided in the regulation of the minister of agriculture.

Paying Agency and implementing authorities

The ARIB, the State Nature Conservation Centre.

Application assessment procedure

Applying for support payments is conducted simultaneously with applying for area payment. After the deadline for submitting applications, the ARIB forwards the list of applicants together with the necessary data to the State Nature Conservation Centre, who conducts on-site verification of meeting the area requirements and the requirements for granting support and presents the ARIB an overview of the results of verification. The ARIB reviews the presented verification results and makes a decision. In case of non-compliance with the support payment requirements, the ARIB will reduce the support payments according to Commission Regulation (EC) No 1975/2006 laying down detailed rules for the implementation of Council Regulation (EC) No 1698/2005, as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures (OJ L 368, 23.12.2006, p. 74–84), pursuant to procedure prescribed by national law and according to the relevant reduction rates. In the measurement of wooded meadows and wooded pastures, the similar double tolerance provided in Article 15 (2) of Commission Regulation (EC) No 1975/2006 is applied.

Connections with other measures

The support for the maintenance of semi-natural habitats cannot be applied for the land with respect to which Single Area Payment Scheme (SAPS), Complementary National Direct Payment (CNDP) and other rural development support payments related to the CAP, or the nature protection support financed from the state budget are applied for.

MEASURE 2.4 – ANIMAL WELFARE: SUPPORT FOR GRAZING ANIMALS (215)

Justification

Grazing is very important for the assurance of the abundance of species on permanent grasslands. Grazing increases the number of species as the plants of high growth will be eaten up and the light conditions for short species will improve. The bleak land created with grazing provides the seeds with better germination conditions and promotes the growth of other species. Regarding coastal meadows, animals keep the coastline open, hampering the growth of reed. As a result of grazing, the low pools important for several protected species and typical of coastal meadows will survive.

Regularly mowed grassland allures birds into nesting, but before the broods get capable for flight, many of them perish. On pasture, perishing of broods due to trampling underfoot is several times lower.

Grazing has positive impact on animals' welfare and enriches the landscape.

The objective of the Directive of the European Parliament and of the Council on soil protection is the function-based approach to the soil: to maintain the good condition of soil where it is still good and to restore the good condition of soil where it has been spoilt. Up to now, under agri-environmental support, soil samples have only been taken on arable land. At the same time, according to the estimate of the Agricultural Research Centre, the nutrient content of the soil of long-term cultural grasslands is insufficient for plant growth and plants take the necessary nutrients from soil's own reserves. This is particularly due to the fact that lately permanent cultural grasslands have not been recultivated enough in Estonia. At the same time, phosphorus and potassium fertilizers should be applied in the course of grassland recultivation. In top-dress fertilization of grasslands, insufficient quantities of phosphorus and potassium are applied with compound fertilizers, soil gets more nitrogen instead. With top-dress fertilization, the risk of nutrient elution from soil surface increases. The results of soil sample analysis provide producers with a good survey of the condition of their soils and with grassland recultivation they can ensure good condition of soil.

Legal basis

Article 40 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of this measure is to improve animal welfare, to maintain and improve biological and landscape diversity and to improve the soil fertility of cultural grasslands.

Target group

Beneficiaries

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person).

Support is paid with regard to cattle, sheep, goats and horses, if the stocking density is up to 0,5 LU/ha. Stocking density is considered for grazed and mowed permanent grasslands.

Livestock units used in the calculation of stocking density are based on the national legislation and the basis for the calculation of livestock unit is the amount of nitrogen emitted by the animal. The more detailed designation of the areas serving as the basis for the support payment is established by the minister of agriculture.

Support for grazing animals will not be paid to organic farmers applying for the support for organic farming and to organic farmers per organic animals, because for them the majority of support requirements are baseline requirements.

Baseline requirements for an applicant

The applicant must follow good agricultural and environmental conditions provided in Article 5 and Annex IV of Council Regulation (EC) No 1782/2003. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003 will also be applied.

The more detailed provisions on baseline requirements have been given in Annex 3.

Support requirements

The applicant will take a commitment to engage in livestock farming for at least 5 years.

- Support may only be applied for those animals, which are kept in the open during the grazing season. The length of the grazing season and the exceptions (which animals may not be grazed in the open during the whole grazing season) will be provided with the regulation of the minister of agriculture;
- Suitable food taking into account the physical needs as well as animal's age and body mass must be ensured;
- Manure and feed dropped down or left uneaten must be removed;
- Animals should have constant free access to fresh and clean drinking water in both outdoors and in sheds;
- Natural grassland cannot be cultivated and fertilized, plant protection activities are forbidden on that land;
- The grazed grassland must be surrounded by a fence;
- It is not allowed to chop the plant cover of a grassland (except after grazing);
- The applicant must organise the sending of cultivated grassland (except natural grassland) soil samples to an accredited laboratory for the determination of soil acidity, content of phosphorus and potassium that plants can assimilate, and content of organic matter, organic carbon or humus in soil;
- In the first year of commitment, the applicant keeping more animals than 10 LU must participate in basic training in the environmentally friendly maintenance of grasslands and, additionally, pass an additional training in the environmentally friendly maintenance of grasslands within the commitment period.

Support payments

Support rate

Annual support rate per animal is the following:

- for keeping a bovine of more than 6 months, incl. a suckler cow, or for keeping a horse of more than 6 months or a mare with a foal 20,45 EUR (320 EEK) (support rate per LU is 20,45 EUR (320 EEK));
- for keeping a bovine of less than 6 months, a goat or a sheep of more than 1 year or for keeping a goat with a kid or a sheep with a lamb 3,52 EUR (55 EEK) (support rate per LU is 19,53 EUR (306 EEK)).

Principles of unit amount calculation

Additional costs due to grazing (fence repair costs) and soil sampling have been taken as the basis for unit amount calculation. All those costs total to 45,16 EUR (706,66 EEK) per one hectare of grassland. The amounts of support per one animal have been calculated on the basis of the average grazing intensity and the calculation of livestock units. The stocking density pursuant to the Water Act and the practices of grazing animals has been the basis for the calculation of unit amounts.

Target area

The support is paid for the animals grazed on grasslands with suitable grazing intensity. The minister of agriculture has the right to designate areas eligible for the support for grazing animals on grasslands.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of supported agricultural producers	500
	Number of contracts	500
	Average length of grazing season	
Result indicator	Number of animals grazed	80 000 LU
Impact indicator	Reversal of biodiversity decline	Abundance of vascular plants is stable or increases
		Abundance of invertebrates (bumblebees) is stable or increases
	Maintenance and improvement of soil fertility	Positive changes in soil organic matter, pH, P and K content

Processing of applications

Documents required

- Application;
- Map of the reference parcel;
- In the first year of commitment, confirmation of the commitment taken.

Paying Agency

The ARIB.

Processing of applications

Applying for support payments is simultaneous with applying for area payment. In the first year of applying, the applicant submits to the ARIB an application, a confirmation of the 5-year commitment and the map of the reference parcel pursuant to general principles and general procedure. In the next years, the applicant submits an application for the year concerned and the map of the reference parcel. The applicant must have the other documents available for on-the-spot check.

MEASURE 2.5 – NON-PRODUCTIVE INVESTMENTS (216)

SUBMEASURE 2.5.1 – SUPPORT FOR THE ESTABLISHMENT AND RESTORATION OF STONEWALLS

Justification

The intensive farming and extensive land improvement of the Soviet period resulted in the simplification of the traditional mosaic-like landscape structure: large masses of fields were established, from which stonewalls, which used to be valuable habitats, were removed; coppices and other valuable landscape elements were also removed from fields. As a result, habitats suitable for many species of agricultural lands were destroyed and the aesthetic value of landscapes suffered. Many traditional stonewalls at the sides of village roads have also disappeared, as some of them have been removed in the course of expanding the roads, and in many cases, the stones were used for making crushed stone in road construction or for aggregates in construction work. The establishment and restoration of stonewalls diversifies landscape, which in its turn increases habitat diversity and creates habitats for many species characteristic of stonewalls or related to them, incl. several endangered and protected species. The establishment and restoration of stonewalls improves landscape views and contributes to the maintenance of cultural heritage related to agriculture.

Stonewalls provide growing environment to various vascular plant species, lichen species, moss species and habitat for a small mammals, reptiles and insects. Stonewalls are preferred by lithophytes. For example, from fern species, polypody is one of the most common inhabitants of stonewalls. Stonewall has been noted as one possible habitat of a protected fern species maidenhair spleenwort (protected category II).

From Estonian mammals the rodent garden dormouse (protected category II) prefers the neighbourhood of a stonewall or heaps of stones. Many reptiles - incl. viviparous lizard (protected category III) may live in stonewalls. These landscape features provide shelter for amphibians as well – stonewalls have been noted as one possible hibernating place for a natterjack (protected category 1). Stonewalls with trees and bushes can be nesting, feeding or hiding places for birds.

In addition to direct positive impact as places for growing and habitats the stonewalls can support the biological diversity indirectly. Stonewalls with trees and bushes on agricultural landscape, just as other semi-natural landscape features (strips of bushes, roadsides etc.) can serve as a passageways for animals, enabling them to cross fields which are normally unsuitable for travelling in order to reach from one living or feeding place to the other.

The restoration and maintenance of stonewalls has been supported in two pilot areas in Estonia since 2001. In 2005, support payments for the establishment, restoration and maintenance of stonewalls were started all over Estonia. Support was applied for the establishment of 41 048 m, for the restoration of 85 505 m and for the maintenance of 35 959 m of stonewalls.

Legal basis

Article 41 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of the support for the establishment and restoration of stonewalls is to contribute to the establishment and restoration of stonewalls as traditional elements of agricultural landscapes, having high historic, cultural and landscape value, in order to:

- maintain and improve the aesthetic value of landscapes;

- to create habitats and to increase biological and landscape diversity;
- to preserve the historic and cultural value of landscape.

Target group

Beneficiaries and requirements for an applicant

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person) and other land managers. The support for the establishment or restoration of stonewalls can only be applied for in rural area, where stonewalls are traditional. The establishment or restoration of stonewalls on purely forest land is not eligible.

Supported activities and their short description

The applicant for the support for the establishment and restoration of stonewalls must meet the following requirements:

A new stonewall may only be established at a place where the former location of the stonewall is identifiable on maps, or to mark the boundaries of registered immovable in regions where stonewalls have traditionally been present. A stonewall may only be restored at a place, where the former location of the stonewall is visually identifiable.

The suitable location, the materials to be used (what kind of stones and from where they will be taken) and the layout characteristic of the region will be approved by the National Heritage Board. It is forbidden to take stones from burial mounds, seashores, valuable landscape elements etc. The height of a stonewall must be at least 60 cm, depending on the region. It is not recommended to cultivate land, to use fertilizers or plant protection products within at least 1.5 meters of the stonewall. The applicant must ensure the preservation of the stonewall for 5 years at least.

Support payments

Support rate and principles for its calculation

Support for the establishment or restoration of stonewalls is granted as 2 groups:

- for the establishment of a stonewall with the height of 60–90 cm – 31,63 EUR (494,92 EEK) per metre; the rounded amount of support is 31,32 EUR (490 EEK) per metre; for a stonewall with the height of over 90 cm – 42,17 EUR (659,89 EEK) per metre, the rounded amount of support is 41,68 EUR (655 EEK) per metre (the amount of time spent on stone transport or on the establishment of a stonewall will be compensated for);
- for the restoration of a stonewall with the height of 60–90 cm – 26,36 EUR (412,43 EEK) per metre, the rounded amount of support is 26,20 EUR (410 EEK) per metre; for a stonewall with the height of over 90 cm – 36,90 EUR (577,41 EEK) per metre, the rounded amount of support is 36,75 EUR (575 EEK) per metre (the amount of time spent on brush cutting, stone transport and piling will be compensated for).

Target area

The submeasure is implemented all over Estonia. New stonewalls may only be established in such regions where stonewalls have traditionally been present.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Established stonewalls (km)	120
	Restored stonewalls (km)	300

With the establishment and restoration of stonewalls, suitable habitats for many types of agricultural landscape will be created, the aesthetic value of landscapes will be maintained and improved and the preservation of stonewalls as an element of cultural heritage will be ensured.

Processing of applications

Documents required

- Application;
- Map of the reference parcel;
- Written confirmation of the National Heritage Board about the territory of the applicant's enterprise being located in a region where stonewalls have traditionally been present;
- In case of applying for support for the establishment of a stonewall – written confirmation of the National Heritage Board about the location of the former stonewall being identified on maps, or on the establishment of a stonewall on the boundaries of registered immovable;
- In case of applying for support for the restoration of a stonewall – written confirmation of the National Heritage Board about the existence and condition of a traditional stonewall located in the territory of the applicant's economic unit.

Paying Agency and implementing authorities

The ARIB, the National Heritage Board.

Application assessment procedure

In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. First of all, applications for the support for the restoration of a stonewall will be approved considering that for the objectives of the measure the restoration of old stonewalls is more important than the establishment of new stonewalls. In the establishment of a stonewall, preference will be given to the establishment of a stonewall at a place where the former location of the stonewall is identifiable on maps. Preference will be given to applicants with an on-going commitment for the maintenance of semi-natural habitats, organic farming or environmentally friendly production/environmentally friendly management, and also to applicants not having received support for the establishment and/or restoration of stonewalls earlier.

SUBMEASURE 2.5.2 – SUPPORT FOR THE ESTABLISHMENT OF MIXED SPECIES HEDGEROWS

Justification

The intensive farming and extensive land improvement of the Soviet period resulted in the simplification of the traditional mosaic-like landscape structure: large field massifs were created, from where the field barriers important as habitats, as well as other valuable landscape elements were removed. As a result, habitats suitable for many species of agricultural lands were destroyed and the aesthetic value of landscapes suffered. Wind and water erosion intensified in large fields.

Mixed species hedgerows as an essential part of the ecological network are among the most valuable habitats in agricultural landscapes. They also act as barriers to wind and water erosion.

The establishment of mixed species hedgerows has been supported in one pilot area in Estonia since 2001. In 2002, support payments were made for the establishment of 2710 metres of hedgerows. In 2003, support was granted for the establishment of 2400 metres of hedgerows in an amount of 4 EUR (60 EEK) per metre.

Legal basis

Article 41 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objectives of the establishment of mixed species hedgerows are the following:

- to create habitats and to improve biodiversity;
- to diversify agricultural landscapes;
- to reduce wind and water erosion.

Target group

This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person).

Supported activities and their short description

In particular, hedgerows will be established alongside the boundaries of large (over 30 ha) fields. To establish a hedgerow, the applicant must have a plan prepared by an attested specialist and approved by the local land improvement bureau and environmental authority (County Environmental Department). The hedgerow must consist of at least two rows and four different species of bushes or trees that naturally grow in Estonia; at least 75% of the sets must be broad-leaved trees or bushes. The surroundings of the plants must be mowed or cleared of weeds as necessary to facilitate their growth. Dead plants must be replaced by new ones during the years following the year of the establishment of the hedgerow. Fertilizers and plant protection products must not be used nearer than 1,5 metres of the hedgerow.

A hedgerow must be maintained for 5 years at least.

Support payments

Support rate and principles of its calculation

The amount of support payments for the establishment of mixed species hedgerows is 19,17 EUR (300 EEK) per metre. The costs for the purchase of young plants are 12,14 EUR (190 EEK), costs for the project are 1,92 EUR (30 EEK) and labour costs are 5,27 EUR (82,49 EEK) per metre.

Target area

The submeasure is implemented all over Estonia, but at first in the Jõgeva, Lääne-Viru, Viljandi, Tartu and Järva counties, where agriculture is more intensive than in the other areas of Estonia and erosion poses a severe problem in large fields.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Established hedgerows (km)	100

As a result of the establishment of hedgerows, suitable habitats will be created for species of agricultural landscapes and biological and landscape diversity will improve. The risk of soil and water erosion will also decrease.

MEASURE 2.6 – SUPPORT FOR THE ESTABLISHMENT OF PROTECTION FOREST ON AGRICULTURAL LAND (221)

Justification

During the last 10 years, land use has changed (an increase in the number of areas left out of use) and this is causing an increase in forest coverage in the areas which would otherwise be productive agricultural lands. At the same time agricultural areas surrounding pollution-vulnerable water catchment areas have been taken into intensive use again which may lead to the pollution of water intakes the future. One of the possibilities for limiting the further increase in the share of unused lands is the afforestation of protective belts on soils exposed to erosion, and the afforestation of water catchment feeding areas and areas in the vicinity of water bodies, in order to ensure good status of the environment.

The soils eroded and exposed to erosion make up 3,1% of the total agricultural land reserve of Estonia; the same figure for EU-25 is 17%. The volume of soils exposed to erosion in Estonia is 0,11 t/ha annually (EU-25 – 1,64, EU-15 – 1,94). By the afforestation of the areas exposed to erosion, erosion can be limited.

The protection forests to be established will protect water and soil from diffused pollution and erosion and the shores of water bodies from being washed away and will protect from the harmful effects of pollution and climate.

By establishing protection forests, we shall take the environment-sensitive arable lands out of intensive use and create buffer zones around the nearby water catchment areas, karst areas and water bodies, decreasing the negative effects. At the same time, the need for establishing protection forests in place of commercial forests decreases.

The forests protecting water and soil make up 6,8% of the total forest land of Estonia. According to the data of 2004, the total area of water protection forests is 99 400 ha, which is 14,1% of all protected forests and protection forests. This makes up 4,3% of the total forest land of Estonia. According to the data of 2004, the total area of soil protection forests, is 56 900 ha, which is 8,1% of all protected forests and protection forests. This makes up 2,5% of the total forest land of Estonia.

It is also important to establish small forest groves in the middle of the large (over 30 ha) fields to increase the biodiversity of the particular areas (in the first place to create additional habitats for predatory birds as well as for passerines).

The intensive farming and extensive land improvement of the Soviet period resulted in a simplification of the traditional mosaic-like landscape structure: large masses of fields were created, from where the field barriers important as habitats, as well as other valuable landscape elements were removed. As a result, habitats suitable for many species of agricultural lands were destroyed and the aesthetic value of landscapes suffered. Wind and water erosion intensified in the large fields.

Legal basis

Article 43 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The objective of this measure is to ensure good status of the environment by the establishment of protection forests. With the establishment of protection forests, the share of agricultural lands sensitive to the environment will be reduced and the need to establish protection forests on the account of commercial forests will be decreased. With the establishment of small groves forest, the biodiversity will be increased in particular areas as well.

Target group

Beneficiaries and requirements for an applicant

This support is available for natural persons or legal persons, for agricultural land owned by the applicant and entered in the ARIB register.

In the establishment of a protection forest, the support can be applied by person who applies for support for at least 0.30 ha. In case of the afforestation of arable land of more than 5.0 ha, the quality rating of the land must be up to 35 evaluation points.

In the establishment of a small forest grove, it is allowed to use only saplings (at least 1.0 metre high forest tree). The support can be applied by person who applies for support for 0.01-0.10 ha that is part of the agricultural land (at least 30.0 ha). The maximum surface of the particular grove should be 0.10 ha.

The maximum area covered by support is 30 ha per applicant for the whole programming period. In the establishment of a protection forest, the measure is implemented in the relevant designated areas of the territory of Estonia (e.g. around water catchment areas (sanitary protection zones, immediate water catchment feeding areas) on karst areas and alvars, on areas with springs or on erosion vulnerable soils or in the areas bordering on water bodies). In the establishment of small forest grove the support is implemented all over Estonia.

Lands will be afforested in an environmentally friendly way, taking into account local conditions and plans. In afforestation, special requirements for the protection zones of roads, railways and utility works must be taken into account. The environmental impact of afforestation is evaluated according to national legislation (Environmental Impact Assessment and Environmental Management System Act).

In the selection of tree species for afforestation, the mechanical composition of soil and moisture conditions must be considered. As the level of soil moisture can differ completely by regions, the selection of tree species is applicant's own decision and tree species are not prescribed for different regions. In afforestation, the specific character of the field must be taken into account. It is allowed to plant local tree species and also the forestry plants of the species specified in the list of the alien tree species allowed for reforestation, provided by Regulation No 69 of the Minister of the Environment, 4 December 2006. In drawing up the list of the alien tree species, the surveys of Estonian forest researchers on the possibilities to cultivate alien tree species in Estonian forests and the long-time experience of our forest growers have served as the basis.

Natura 2000 special conservation areas, protected areas and species protection sites are not eligible for support under this measure (except the establishment of small forest groves). The regions and areas where the establishment of protection forests may endanger the natural environment (e.g. protected areas, semi-natural habitats, limited management zones) and nature diversity are not eligible either. Support can not be applied for land under agri-environmental commitment.

The applicant for must follow in its agricultural land (land in the register of agricultural supports and refence parcels) the good agricultural and environmental conditions provided in Article 5 and Annex IV of Council Regulation (EC) No 1782/2003. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003 will also be applied.

Supported activities and their short description

In the establishment of a protection forest and small forest groves, support is granted for partial compensation for establishment costs. Forest tree planting should be uniform all over the field, counting at least 2000 forest tree plants per hectare. The origin of forest tree plants used must be certified. The establishment of a Christmas tree plantation or of a protection forest with alien tree species prohibited under the Forest Act (2007) is not eligible for this support.

Support payments

In the establishment of a protection forest, the support rate per one hectare is 927 EUR (14 500 EEK). The support rate in the case of small forest groves is 3 700 EUR (58 000 EEK) per one hectare. Support is granted for the establishment of forest plantation and shall not cover the annual income loss caused by the afforestation. In refund rate calculations, the data of 2004, provided by the State Forest Management Centre about the tree species (spruce, pine, birch) most used for afforestation, and the expenses related to the preparation of soil and to purchasing and planting young plants are considered.

Indicators and target levels

Type of indicator	Indicator	Target 2009–2013
Output indicator	Number of beneficiaries	100
	Total areas receiving support for the establishment of protection forest	1700
Result indicator	Area under successful land management	1700
Impact indicator	Reversal in biodiversity decline (farmland bird species population)	No essential impact
	Management of high nature value areas	
	Improvement of water quality	No essential impact
	Production of renewable energy in agriculture and forestry	No essential impact

Processing of applications

Documents required

- Application approved by the regional land improvement bureau of the location of the relevant agricultural land and by the county environmental service;
- Map of the reference parcel, indicating the numbers and borders of the fields the support is applied for;
- Other proving documents, if needed.

Paying Agency and implementing authorities

The ARIB, regional land improvement bureaus, county environmental services.

Verification and sanctions

The ARIB verifies the conformity of applications and applicants on the basis of the conditions provided earlier. In case of non-compliance with the support payment requirements, the ARIB

will reduce the support payments pursuant to procedure prescribed by national law and according to the relevant reduction rates.

If the amendments related to the replacement of the field indicated in the application for the support for the establishment of protection forest in the year of applying, are in concordance with the regional land improvement bureau and with the county environmental service, the replacement of fields is allowed.

In the third year following the application for support, the ARIB will exercise an ex-post check. After that, the area under the protection forest will be excluded from the register of agricultural supports and reference parcels.

If serious faults can be observed in the implementation of the activities indicated in the application or if the applicant has not set about the activities planned in the application, the ARIB is entitled to demand the return of the support.

MEASURE 2.7 – NATURA 2000 SUPPORT FOR PRIVATE FOREST LAND (224)

Justification

In Estonia, forest is one of the prevailing ecosystems and forestry is one of the most important economic fields affecting the diversity of our nature. There are 692 000 ha of Natura 2000 areas on mainland, which makes up 16% of the total area of Estonia. Of this, there are 77 000 ha of private forest land. The share of forests located in Natura 2000 areas is 20,8% of the total forests of Estonia.

It is important to ensure the preservation of viable populations and habitats of all natural forest types in Estonia.

Private forests have an important role in economic activities of rural area, Therefore, the Community support is important for the maintenance of biological and landscape diversity, in order to ensure in Natura 2000 area compliance with the restrictions proceeding from the Nature Conservation Act and with the requirements of the Council directives on the conservation of wild birds and natural habitats and of wild fauna and flora, without significantly harming the general rate of return of forestry and the competitiveness of forest owners. Loss of profit incurred in forest management will be compensated for. Partial or full abandonment of management is necessary for the attainment of environmental protection objectives and for the maintenance of biological and landscape diversity.

Under the Nature Conservation Act, protected areas, special conservation areas or species protection sites have been established for the protection of Natura 2000 areas. Protected areas and species protection sites are divided into different zones with different restrictions. Strict nature reserves have the strictest restrictions – any and all kinds of human activities are forbidden there. Strict nature reserves are located on state land only. In special management zones, economic activities are forbidden; shaping the habitat according to the protection objective may be allowed with a protection rule. The forests of strict nature reserves and special management zones belong into the category of protected forests. In limited management zones, sustainable economic activities are allowed, but regeneration cutting is forbidden there. In special conservation areas, logging is forbidden, if it can endanger the preservation of the protection objectives of the area, and logging at a certain time and the use of certain logging technology may be required. The forests located in limited management zones and special conservation areas belong into the category of protection forests.

The average annual loss of profit per hectare due to the implementation of Council Directives 79/409/EEC and 92/43/EEC is 176 EUR (2761 EEK) in the forests located in limited management zones and special conservation areas and 160 EUR (2503 EEK) in the forests located in special management zones.

Legal basis

Article 46 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

The overall objective of this measure is to contribute to the sustainable use of private forest land located in Natura 2000 area.

Target group

Beneficiaries

This support may be applied for by private forest owners for forest land in their ownership, which is located in Natura 2000 area, determined according to Council Directives 79/409/EEC and 92/43/EEC. The applicant must meet the relevant requirements provided in the Nature Conservation Act and in the Forest Act.

Requirements

This concerns the 1-year commitment to meet the requirements. The applicant is entitled to apply for the support for the Natura 2000 private forest area of at least 0,30 ha, meeting the requirements and located in limited management zone, special conservation area and special management zone.

The applicant must ensure that the area for which the support is applied can be identified visually on-the-spot. If the boundaries of the area are linear, the corners must be identifiable, and if the area is circular, the centre and crossings with cadastral area boundaries, if necessary, must be identifiable. In case the area boundary is irregular, it has to be marked at full length.

Baseline requirements for an applicant

In case the applicant also holds some agricultural lands, it has to follow in its agricultural land (land in the register of agricultural supports and refence parcels) the good agricultural and environmental conditions provided in Article 5 and Annex IV of Council Regulation (EC) No 1782/2003. From 2009, save as otherwise provided in Council Regulation (EC) No 1698/2005, the statutory management requirements provided in Article 4 and Annex III of Council Regulation (EC) No 1782/2003 will also be applied.

Supported activities and their short description

Partial or full abandonment of management of forest located in Natura 2000 forest area, according to the established protection procedure.

Support payments

Support rate

In limited management zones and special conservation areas the support rate is 60 EUR (940 EEK) per hectare and 110 EUR (1720 EEK) per hectare in special management zones.

General principles of unit amount calculation

In the calculations of the loss of income caused by the implementation of Council Directives 79/409/EEC and 92/43/EEC, the average value of the forest resource of Natura 2000 network forest area, on the basis of which the expected average annual rate of return is calculated, will serve as the basis. The owners will be compensated for the given rate of return. Compensation rate will be differentiated, considering the protection regime and the budget of the measure.

Target area

The measure is implemented in Natura 2000 areas in Estonia. Up to 4 m wide forest roads, ditches, firebreaks and forest glades of up to 0,1 ha are also regarded as eligible pieces of land. The more detailed designation of areas and conditions will be established with a regulation of the minister of agriculture.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of beneficiaries	5000
	Supported forest land (ha)	61 300, incl.: limited management zones and special conservation areas 51 292 ha and special management zones 10 008 ha
Result indicator	Successfully maintained area (ha)	61 300
Impact indicator	Maintenance of high nature value areas	Positive impact
	Improvement of water quality (gross nutrient balance)	
	Production of renewable energy in agriculture and forestry	

Additional programme-specific indicator

Type of indicator	Indicator	Target 2007–2013
Impact indicator	Nature protection condition of Natura 2000 areas forest habitats and forest types	Condition is favourable

Processing of applications

Documents required

- Application;
- Map;
- Other proving documents, if needed.

Paying Agency and implementing authorities

The ARIB, the Private Forest Centre Foundation, the Environmental Inspectorate.

Application processing process

Applying is simultaneous with the submission of area based aid applications. Applications are accepted and processed by the Private Forest Centre Foundation. Besides the Private Forest Centre Foundation, conformity to the requirements provided in Nature Conservation Act is also controlled by the Environmental Inspectorate. In case of non-compliance with the support requirements, the Private Forest Centre Foundation will reduce the support payments pursuant to procedure prescribed by national law and according to the relevant reduction

rates. In the measurement of Natura 2000 private forest areas, the double tolerance provided in Article 15 (2) of Commission Regulation (EC) No 1975/2006 is applied.

Connections with other measures

In case of overlapping land areas, an applicant for this support cannot simultaneously, regarding the same area, apply for the support provided in Article 36 (a) of Council Regulation (EC) No 1698/2005.

5.3.3 AXIS III – QUALITY OF LIFE IN RURAL AREA AND DIVERSIFICATION OF THE RURAL ECONOMY

Axis III is directed at the improvement of the quality of life and at the diversification of economic activity in rural area, for which diversification of the rural economy and village renewal and development are supported. Rural area is considered as rural municipalities (including cities within rural municipalities with less than 4000 inhabitants) and small towns with up to 4000 inhabitants. The selection of measures is based on the problems and necessities identified in ERDS 2007–2013 and in Chapters 3 and 4 of this development plan. The objectives within measures in this axis will be achieved by developing non-agricultural entrepreneurship and increasing the activity of local communities. For that purpose village infrastructure, cultural and architectural heritage will be improved and modernised, and public buildings will be modernised and entrepreneurship will be diversified in rural area.

MEASURE 3.1 – DIVERSIFICATION OF THE RURAL ECONOMY (311, 312, 313)

Justification

The development of the rural enterprise is mostly influenced by low population density and persistent decrease in the share of agriculture in enterprise, which presently makes up 50% of the total number of enterprises active in rural area. Labour force is released due to the higher efficiency of agricultural production. The secondary and tertiary sectors have a higher potential for creating new jobs, though presently this has been able to compensate for less than a third (28,9%) of the jobs becoming vacant in agriculture.

Rural economic activity is one-sided, especially in peripheral areas. Compared to rural area, the average number of the fields of activity represented in towns is approximately twice as large. This makes it difficult to find suitable employment in rural area and decreases the employment rate. According to the data for 2004, 40% of rural residents have found employment in towns.

Rural entrepreneurs, on the other hand, are having difficulties finding suitable labour force and more active involvement in rural labour force problems is expected from the state. Assistance is needed for keeping young specialists in the rural area or inviting young specialists and other competent workers to the country.

The survey “Need for support in the sector of rural enterprise” conducted in 2005 indicates that one of the risk factors for the development of rural enterprise is the fact that the number of liquidated enterprises increases faster than the number of new enterprises. This is mainly true for agricultural producers. Thus, the diversification of the enterprise of small agricultural producers outside agriculture is one of the ways to improve competitiveness and to create alternative sources of income, primarily in less-favoured areas.

The sustainable development of enterprises is also endangered by the high average age of the managers of rural enterprises. Presently, half of the managers of rural enterprises are more than 45 years old, and 18.6% of enterprise managers are of age 56–65. Thus, more and more attention must be paid to the involvement of young people in enterprise and in making general development decisions of the region.

There are resources in rural area which could balance the differences between the country and towns: buildings left empty, without purpose or undercharged due to the changes in agriculture, and natural and cultural heritage, of which the implementation for local development is hindered by poor technical condition, poor accessibility and exposure, poor infrastructure, a few additional services, and also weak relations between the objects. The modernisation of those objects and giving them economic value makes the production or service-providing activities more efficient and thus improves the living environment.

Under the business environment operational programme, the measure complements the activity to facilitate access to capital, enabling all-round setting up assistance to new entrepreneurs, and the development of tourism, under which the projects increasing the demand for the tourism products of enterprises and regions on international target markets are supported *inter alia*.

The measure does not overlap with the support of the Economic Environment Development Operational Programme; the principles of demarcation are laid out in Chapter 10.2 of the ERDP.

In order to increase the number of beneficiaries and ensure a better and more effective implementation of the measure, a limit similar to axis 1 submeasure 1.4.1 “Investments into the development of micro agricultural holdings” was imposed on the support rate, according to which the maximum support rate does not generally exceed 100 000 EUR for one applicant during the programme period. In certain cases, large-scale projects might give faster and more efficient results in solving the problems in rural areas, mostly in areas further away from the centres. With larger investment projects, the likelihood is bigger that the effect of the investment on the development of the socio-economic situation of the rural area is important and, in broader and wider sense positive (the increase in profits of the region’s other enterprises, creating employment in other businesses or organizations, preserving biodiversity, increasing the safety of the region). For example, the sustainable and viable projects in the field of bioenergy are in their essence large-scaled and have greater effect on the socio-economic situation of the rural area. Resulting from the named circumstances, the projects in the framework of measure 3.1 are divided into two categories: small-scale projects (public sector support up to 100 000 EUR) (hereinafter *small project*) and large-scale projects, where the cost of the projects exceeds 200 001 EUR (public sector support 100 000–300 000 EUR) (hereinafter *large project*).

Legal basis

Articles 53 (sub-measure 3.1.1), 54 (sub-measure 3.1.2) and 55 (sub-measures 3.1.1 and 3.1.2) of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of this measure is to improve the competitiveness and sustainability of rural entrepreneurs through the diversification of rural enterprise (primarily in peripheral areas), and to contribute to the creation of new and better jobs.

The objective of large projects is to diversify agricultural production and the rural economy through bioenergy and other innovative investments, which also promote the development of

environmentally friendly business and, arising from the main objective of the measure, creating better employment.

Financial allocation

Within the category of small projects the budget will be distributed equally between submeasures 3.1.1 (diversification into non-agricultural activities) and 3.1.2 (support for business development).

SUBMEASURE 3.1.1 – DIVERSIFICATION INTO NON-AGRICULTURAL ACTIVITIES

Specific objectives

- Diversification of the activities of agricultural producers with non-agricultural rural enterprise;
- Contribution to taking abandoned buildings into use again in non-agricultural production and services;
- Improvement of the innovative qualities of enterprise by new solutions, incl. by the mobile solutions on offering goods and services;
- Promotion of the participation of young people and women and creation of working conditions and services taking into account special needs of disabled persons;
- Production of biofuels, bio-electricity and bio-heat from the biomass with an objective of marketing.

Target group

Beneficiaries

Micro agricultural producers specified in Article 2 (3) of Commission Recommendation No 2003/361/EC, who provide occupation to up to 10 persons and whose annual return on sales and/or balance sheet total does not exceed 2 million EUR (31 293 200 EEK). In case of small projects, the annual sales revenue has to be more than 2400 EUR (37 552 EEK) and in case of big projects, the annual sales revenue of the entrepreneur has to be more than 31 955,8 EUR (500 000 EEK).

In case of bio-energy support is also enabled to bigger SME-s than micro-agricultural producers.

Minimum requirements for an applicant

- Applicant's actual economic activities have lasted at least 1 year;
- In case of small projects the applicant must retain at least the existing number of jobs.
- In case of large projects the beneficiary must create at least one additional job;
- The sustainability of the applicant (economic indicators preceding the application and in case of large projects also the economic indicators of the 3 years following the investment are observed).
- The presented business plan must also contain the details of the planned investment and highlight the objectives, which are planned to be achieved with the investment. In case of large projects, the presented business plan has to reflect, in order to ensure a more thorough and high-quality assessment, the business environment analysis, product, market and competition analysis, the description of the project implementing team competence in the field of the investment, an analysis of the effect of the project to the socio-economic situation, a project plan, where the achievement of the objective is assessed through results, the achievement of results through activities and the necessary inputs for activities.

- No decisions of approval or payment of support have been made on the investment object in the framework of other support schemes.
- Applicant has no tax arrears (save staggered tax arrears).

Supported activities and their short description

Supported activities:

- In the provision of goods and services, the development of mobile solutions, and the implementation of information technology, incl. new technologies for bringing the producer and the consumer closer to each other;
- Provision of services for rural enterprises and for rural population, incl. the development of multi-functional service centres, agricultural services;
- Investments into bio-energy production in case the energy is predominantly marketed;
- Creation and improvement of accommodation service in rural area, if the number of beds is not bigger than 30 (this restriction is not valid in case of holiday villages and camps).

Eligibility criteria:

- Investments into buildings and equipment, necessary for economic activities (incl. used equipment) except investments into agricultural production;
- Investment marketing costs, (e.g. in the development of rural tourism and handicraft products), if necessary, up to 12% of project;
- Small-scale infrastructure and marking places of interest as one part of an investment;
- Preparatory works for an investment as mentioned in Article 55(1) c of Commission Regulation (EC) 1974/2006 (e.g. geodetic surveys, etc.).

Double-financing from other measures is avoided.

Support payments

Maximum support rates

- Up to 30% of eligible expenses – in case of small project the project will be implemented in Harju County, in a rural municipality bordering Tallinn. In case of large project the project will be implemented in a Harju County rural municipality, which is not bordering Tallinn.
- Up to 40% of eligible expenses – in case of small project the project will be implemented in a rural municipality which is bordering on a county centre or project is in Harju County, in a rural municipality not bordering Tallinn. In case of large project the project will be implemented in a rural municipality which is bordering on a county centre and which is not in a Harju County.
- Up to 50% of eligible expenses – the project will be implemented in a rural municipality which is not bordering on a county centre and which is not in a Harju County.
- In case a city without a municipal status is county centre, the same municipality is considered to be bordering the county centre.
- In case of small projects, for buying a tractor, co-financing is foreseen by the public sector, which cannot exceed the maximum support rate by 35% of the eligible cost of the investment object (in case of large project, buying tractors is not eligible for support).

Maximum amounts of support payments

- Up to 300 000 EUR (4 693 980 EEK) during the whole programming period.

- Maximum amount of support in case of purchase of used equipment is 20 000 EUR (312 932 EEK).
- Undertakings belonging to a group may apply for support up to 300 000 EUR (4 693 980 EEK) per group.

Target area

The submeasure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. cities within rural municipalities with less than 4000 inhabitants) and small cities with up to 4000 inhabitants. (Chapter 3.1.1, tables 2 and 3). Maximum rate of support is higher for projects which are carried out in remote areas located further away from county centres.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of beneficiaries	500
	Total volume of investment	1434 million EEK
	Number of rural tourism actions supported	100
Result indicator	Increase in non-agricultural gross value added in supported businesses	10–15% yearly
	Additional number of tourists	+10%
Impact indicator	Net value added produced in an enterprise per employee	360 000 EEK (incl. in enterprises with 1–9 employees 325 000 EEK)
	Jobs created	250

Processing of applications

Documents required

- Application;
- Business plan;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. In case of large projects, all applications compliant to requirements will be assessed by one Estonian wide assessment board. In assessing large projects, minimum required score points are established. The rank order of applications will be formed in two groups for small, as well as large projects. The best applications will be approved.

In case of small project , the following is primarily assessed:

- impact of the project on employment;
- growth potential of the enterprise as a result of the investment;
- revaluation of cultural heritage and the diversification of services offered in rural area;
- in case of retail sale, catering or tourism, importance in increasing the offering and processing of organic production;
- value added of the project (taking abandoned buildings into use, impact on disabled persons, impact on entrepreneurship of young people and women);
- earlier activities of the enterprise;
- dependency on agriculture;
- reducing the risks of depending on seasons;
- location of the project;
- preference is given to entrepreneurs applying for smaller amounts of support payments.

In case of large project, the following is primarily assessed:

- location of the project;
- market research on the implementation of the project: existence and quality of market information;
- innovativeness of the project;
- the competence of the project implementing team in the field of the investment;
- the effect of the project on the socio-economic situation of the rural area;
- the realistic achievement of the set objectives, results and activities;
- those entrepreneurs are preferred, whose objectives, results, activities and economic indicators are planned realistically and according to requirements.

SUB-MEASURE 3.1.2 – SUPPORT FOR BUSINESS DEVELOPMENT

Specific objectives

- Development of non-agricultural microenterprise based on local resources and related to the improvement of the quality of life in rural area;
- Contribution to taking abandoned buildings into use again in production and services;
- Improvement of the innovative qualities of enterprise by new solutions, incl. by the mobile solutions on offering goods and services;
- Promotion of the participation of young people and women and creation of working conditions and services taking into account special needs of disabled persons.
- Production of biofuels, bio-electricity and bio-heat from the biomass with an objective of marketing.

Target group

Beneficiaries

Micro rural enterprises specified in Article 2 (3) of Commission Recommendation No 2003/361/EC, who provide occupation to up to 10 persons and whose annual return on sales and/or balance sheet total does not exceed 2 million EUR (31 293 200 EEK). In case of small projects, the annual sales revenue has to be more than 2400 EUR (37 552 EEK) and in case of big projects, the annual sales revenue of the entrepreneur has to be more than 31 955,8 EUR (500 000 EEK).

Minimum requirements for an applicant

- Applicant's actual economic activities have lasted at least 1 year;
- In case of small projects the applicant must retain at least the existing number of jobs;
- In case of large projects the beneficiary must create at least one additional job;
- The sustainability of the applicant (economic indicators preceding the application and in case of large projects also the economic indicators of the 3 years following the investment are observed).
- The presented business plan must also contain the details of the planned investment and highlight the objectives, which are planned to be achieved with the investment. In case of large projects, the presented business plan has to reflect, in order to ensure a more thorough and high-quality assessment, the business environment analysis, product, market and competition analysis, the description of the project implementing team competence in the field of the investment, an analysis of the effect of the project to the socio-economic situation, a project plan, where the achievement of the objective is assessed through results, the achievement of results through activities and the necessary inputs for activities.
- No decisions of approval or payment of support have been made on the investment object in the framework of other support schemes.
- Applicant has no tax arrears (save staggered tax arrears).

Supported activities and their short description

Supported activities:

- In the provision of goods and services, the development of mobile solutions, and the implementation of information technology, incl. new technologies for bringing the producer and the consumer closer to each other;
- Provision of services for rural enterprises and for rural population, incl. the development of multi-functional service centres, agricultural services;
- Investments into bio-energy production in case the energy is predominantly marketed;
- Creation and improvement of accommodation service in rural area, if the number of beds is not bigger than 30 (this restriction is not valid in case of holiday villages and camps).

Eligibility criteria

- Investments into buildings and equipment, necessary for economic activities (incl. used equipment) except investments into agricultural production;
- Investment marketing costs, (e.g. in the development of rural tourism and handicraft products), if necessary, up to 12% of project;
- Small-scale infrastructure and marking places of interest as one part of an investment;
- Preparatory works for an investment as mentioned in Article 55(1) c of Commission Regulation (EC) 1974/2006 (e.g. geodetic surveys, etc.).

Double-financing from other measures is avoided.

Support payments

Maximum support rates

- Up to 30% of eligible expenses – in case of small project the project will be implemented in Harju County, in a rural municipality bordering Tallinn. In case of large project the project will be implemented in a Harju County rural municipality, which is not bordering Tallinn.
- Up to 40% of eligible expenses – in case of small project the project will be implemented in a rural municipality which is bordering on a county centre or project is

in Harju County, in a rural municipality not bordering Tallinn. In case of large project the project will be implemented in a rural municipality which is bordering on a county centre and which is not in a Harju County.

- Up to 50% of eligible expenses – the project will be implemented in a rural municipality which is not bordering on a county centre and which is not in a Harju County.
- In case a city without a municipal status is county centre, the same municipality is considered to be bordering the county centre.
- In case of small projects, for buying a tractor, co-financing is foreseen by the public sector, which cannot exceed the maximum support rate by 35% of the eligible cost of the investment object (in case of large project, buying tractors is not eligible for support).

Maximum amounts of support payments

- Up to 300 000 EUR (4 693 980 EEK) during the whole programming period.
- Maximum amount of support in case of purchase of used equipment is 20 000 EUR (312 932 EEK).
- Undertakings belonging to a group may apply for support up to 300 000 EUR (4 693 980 EEK) per group.

Target area

The submeasure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. cities within rural municipalities with less than 4000 inhabitants) and small cities with up to 4000 inhabitants. (Chapter 3.1.1, tables 2 and 3). Maximum rate of support is higher for projects which are carried out in remote areas located further away from county centres.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of beneficiaries	500
	Total volume of investment	1434 million EEK
	Number of rural tourism actions supported	100
Result indicator	Increase in non-agricultural gross value added in supported businesses	10–15% yearly
	Additional number of tourists	+10%
Impact indicator	Net value added produced in an enterprise per employee	360 000 EEK (incl. in enterprises with 1–9 employees 325 000 EEK)
	Jobs created	250

Processing of applications

Documents required

- Application;
- Business plan;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

A call for applications is announced. In case of the lack of resources necessary for the approval of all applications successfully passing the control on compliance with requirements, a ranking of eligible applications will be prepared on the basis of the assessment criteria. In case of large projects, all applications compliant to requirements will be assessed by one Estonian wide assessment board. In assessing large projects, minimum required score points are established. The rank order of applications will be formed in two groups for small, as well as large projects. The best applications will be approved.

In case of small project, the following is primarily assessed:

- impact of the project on employment;
- growth potential of the enterprise as a result of the investment;
- revaluation of cultural heritage and the diversification of services offered in rural area;
- in case of retail sale, catering or tourism, importance in increasing the offering and processing of organic production;
- value added of the project (taking abandoned buildings into use, impact on disabled persons, impact on entrepreneurship of young people and women);
- earlier activities of the enterprise;
- reducing the risks of depending on seasons;
- location of the project;
- preference is given to entrepreneurs applying for smaller amounts of support payments.

In case of large project, the following is primarily assessed:

- location of the project;
- market research on the implementation of the project: existence and quality of market information;
- innovativeness of the project;
- the competence of the project implementing team in the field of the investment;
- the effect of the project on the socio-economic situation of the rural area;
- the realistic achievement of the set objectives, results and activities;
- those entrepreneurs are preferred, whose objectives, results, activities and economic indicators are planned realistically and according to requirements.

MEASURE 3.2 – VILLAGE RENEWAL AND DEVELOPMENT (321. 322. 323)

Justification

Estonia is characterised by low density of population. While 30% of the total population of Estonia lives in the largest centre Tallinn, only 20% of the total population of Estonia lives in the 4433 villages of Estonia. Due to low population concentration, especially in rural area, it is not profitable to offer services and rural area as permanent residence is unpopular. Half of the rural residents have found employment elsewhere. As the everyday activities are located

away from home area, the connections of those rural residents with their home area suffer/weaken. One of the possibilities to maintain and improve the quality of life is to find new profitable solutions for the offer of services, utilising modern information technology (wider spread of Internet). Improvement of the quality of life (incl. infrastructure, better availability of services) is very important for the maintenance and growth of the number of rural residents.

The developments of the recent years have brought the non-profit associations (ASBL) into focus – they are no more just marginal associations beside the other sectors. At the same time, it is noticeable that in too many cases non-profit associations are still seen rather as someone needing help than as equal partners, compared to the public sector and the private sector. The non-profit economic activities should be supported, in order to give more independence to the 3rd sector this way. Those activities are also binding people better to their home areas. In order to improve the village social infrastructure, it is important to continue the fixing-up of public buildings intended for common activities of village residents, and of other objects, started within the frameworks of previous programmes. This increases the possibilities of the population for co-operation and common events, provides access to information, improves the appearance of the village and the general quality of the living environment. As a result of large-scale economic changes and reforms, many agricultural production buildings constructed mainly since the beginning of 1960s, have been left empty. The buildings left out of use for years are littering the landscape and the whole environment, as a result of which the need for state intervention has arisen.

Young people also need attention in rural area. Several surveys have indicated a critical problem concerning the new generation of rural residents. As sufficient engagement cannot be found for young people, they do not return to their home areas after studies elsewhere. Thus, the involvement of young people in the promotion of local life should also be one of the higher priorities. Regarding the stay of young people in the country, strengthening of relations between different interest groups of the community is as important for the young as offering them better development opportunities.

Several cultural phenomena lost in other parts of Europe, i.e. ancient fields, historical villages and building traditions have survived in Estonian cultural landscape. Several handicraft skills are still viable. Valuation of cultural heritage improves the attraction of the living environment, and the community can have a hand in this. Upon granting new functions and new life to old objects, particularly the historical and traditional identity of the relevant landscapes, villages and buildings must be considered. The use of the potential of cultural and natural objects is hindered by their poor technical condition, low accessibility and exposure, insufficient supporting infrastructures, scarce additional services and weak interconnection of objects.

Legal basis

Articles 56 (submeasures 3.2.1 and 3.2.2) and 57 (submeasure 3.2.3) of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of this measure is to improve the attraction of the rural living environment and the quality of life there by increasing local activity and developing the non-profit sector. The implementation of this measure contributes to the inhibition of negative trends of the rural area, such as social and economic backwardness and decrease in the size of population, towards positive.

Financial allocation

The indicative breakdown of the budget of measure 3.2 will be the following: submeasure 3.2.1 (basic services for the economy and rural population) – 20%; submeasure 3.2.2 (village renewal and development) – 70%, submeasure 3.2.3 (conservation and upgrading of the rural heritage) – 10%.

SUBMEASURE 3.2.1 – BASIC SERVICES FOR THE ECONOMY AND RURAL POPULATION

Specific objectives

- To find new solutions for the improvement of the availability and sustainability of various services.

Target group

Beneficiaries

- Non-profit associations (ASBL) and foundations;
- Small and medium-sized entrepreneurs.

Minimum requirements for an applicant

- If the applicant is an entrepreneur, the estimated commercial profit from the planned investment or from an activity accompanying the investment must not exceed 25% of the cost of the investment per financial year, for the next 5 financial years after making the investment;
- The applicant must have been active for at least 6 months before submitting the application;
- If the applicant is a non-profit association or a foundation established for a specified term, such term must not be shorter than 5 financial years after making the planned investment;
- As regards the object of the investment, no decisions have been made on the approval of application or on support payment within the framework of other support schemes;
- Entrepreneur has no tax arrears (save staggered tax arrears)

Supported activities and their short description

Under this submeasure, investment support is given to the following activities estimated to not give significant financial income in usual conditions:

- Support for the establishment of local basic services (incl. cultural and leisure activities) for village(s), and for the related small-scale infrastructure;
- Development of multi-functional service centres (non-productive investments, only non-profit associations or foundations may apply);
- Support for the construction, reconstruction or equipment of information points with public Internet access intended for public use.

Support payments

Maximum support rates

- For a non-profit association – up to 90% of the cost of the approved investment, in rural municipalities bordering Tallinn up to 70%;
- For an entrepreneur of small or medium size – up to 65% of the cost of the approved investment (55% in the Harju county).

Maximum amounts of support payments

- Maximum public sector support is 300 000 EUR (4 693 980 EEK) per applicant during the programming period;
- Maximum annual support per applicant must not exceed 60 000 EUR (938 796 EEK).

The applicants have a possibility to use bridge-financing provided by the Rural Development Foundation. Aid given to non-profit associations and foundations is not considered state aid.

Target area

The submeasure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. cities within rural municipalities with less than 4000 inhabitants) and small cities with up to 4000 inhabitants (Chapter 3.1.1, tables 2 and 3). Considering the development of LAGs it can be presumed that village development activities are more and more directed through Leader.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of supported activities	500
	Total volume of investment	40 million EEK/year
Result indicator	Rural population benefiting from improved services	60 000
	Increase in internet connectivity in rural areas	25% of rural households
Impact indicator	Net value added	+10%/y
	Net additional full time equivalent jobs created	20

Processing of applications

Documents required

- Application;
- Summary of a development plan of the relevant administrative unit;
- Agreement for the public use of the object of the investment, signed with the local government (for 5 years);
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

The ARIB verifies the conformity of applications and exercises supervision. In each county, the county governor establishes an assessment committee for preparing the ranking lists of applications. The assessment committee includes representatives of the county government, of the local government, and of the economic and social partners.

In particular, the following is assessed:

- to what extent the investment object improves the quality of life of the region;
- to what extent the investment object improves the attractiveness of living environment;

- to what extent the investment object promotes local initiative and co-operation opportunities and reinforces social relations.

The assessment criteria have been approved by the ERDP Monitoring Committee.

SUBMEASURE 3.2.2 – VILLAGE RENEWAL AND DEVELOPMENT

Specific objectives

- To strengthen local initiative, will to co-operate and social relationships;
- To preserve, restore and upgrade the living environment of villages;
- To develop social infrastructure.

Target group

Beneficiaries

- Non-profit associations (ASBL) and foundations;
- Small and medium-sized entrepreneurs.

Minimum requirements for an applicant

- If the applicant is an entrepreneur, the estimated commercial profit from the planned investment or from an activity accompanying the investment must not exceed 25% of the cost of the investment per financial year, for the next 5 financial years after making the investment;
- The applicant must have been active for at least 6 months before submitting the application;
- If the applicant is a non-profit association or a foundation established for a specified term, such term must not be shorter than 5 financial years after making the planned investment;
- As regards the object of the investment, no decisions have been made on the approval of application or on support payment within the framework of other support schemes;
- Entrepreneur has no tax arrears (save staggered tax arrears)

Supported activities and their short description

Under this submeasure, investment support is given to the following activities for developing the village living environment and related to social infrastructure, and estimated to not give significant financial income in usual conditions:

- Support for the construction, reconstruction or equipment of buildings intended for public use, related to the common activities of village residents, to the development of village culture, or to the maintenance of values;
- Support for the construction and reconstruction of facilities (parks, green areas, playgrounds, sporting facilities, village squares) intended for public use.

Support payments

Maximum support rates

- For a non-profit association – up to 90% of the cost of the approved investment, in rural municipalities bordering Tallinn up to 70%;
- For an entrepreneur of small or medium size – up to 65% of the cost of the approved investment (55% in the Harju county).

Maximum amounts of support payments

- Maximum public sector support is 300 000 EUR (4 693 980 EEK) per applicant during the programming period;
- Maximum annual support per applicant must not exceed 60 000 EUR (938 796 EEK).

The applicants have a possibility to use bridge-financing provided by the Rural Development Foundation. Aid given to non-profit associations and foundations is not considered state aid.

Target area

The submeasure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. cities within rural municipalities with less than 4000 inhabitants) and small cities with up to 4000 inhabitants (Chapter 3.1.1, tables 2 and 3). Considering the development of LAGs it can be presumed that village development activities are more and more directed through Leader.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of villages supported	2000
	Total volume of investment	140 million EEK/year
Result indicator	Rural population benefiting from improved services	60 000
	Increase in internet connectivity in rural areas	25% of rural households
Impact indicator	Net value added	+10%/y
	Net additional full time equivalent jobs created	70

Processing of applications

Documents required

- Application;
- Summary of a development plan of the relevant administrative unit;
- Agreement for the public use of the object of the investment, signed with the local government (for 5 years);
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

The ARIB verifies the conformity of applications and exercises supervision. In each county, the county governor establishes an assessment committee for preparing the ranking lists of applications. The assessment committee includes representatives of the county government, of the local government, and of the economic and social partners.

In particular, the following is assessed:

- to what extent the investment object improves the quality of life of the region;
- to what extent the investment object improves the attractiveness of living environment;
- to what extent the investment object promotes local initiative and co-operation opportunities and reinforces social relations.

The assessment criteria have been approved by the ERDP Monitoring Committee.

SUBMEASURE 3.2.3 – CONSERVATION AND UPGRADING OF THE RURAL HERITAGE

Specific objectives

- To maintain, restore and improve the living environment and cultural heritage of villages (incl. the improvement and regulation of the appearance of agricultural landscape);

Target group

Beneficiaries

- Non-profit associations (ASBL) and foundations;
- Small and medium-sized entrepreneurs.

Minimum requirements for an applicant

- If the applicant is an entrepreneur, the estimated commercial profit from the planned investment or from an activity accompanying the investment must not exceed 25% of the cost of the investment per financial year, for the next 5 financial years after making the investment;
- The applicant must have been active for at least 6 months before submitting the application;
- If the applicant is a non-profit association or a foundation established for a specified term, such term must not be shorter than 5 financial years after making the planned investment;
- As regards the object of the investment, no decisions have been made on the approval of application or on support payment within the framework of other support schemes;
- Entrepreneur has no tax arrears (save staggered tax arrears)

Supported activities and their short description

Under this submeasure, investment support is given to the following activities:

- Support for investments into objects having historical and cultural value (i.e. investments into cultural heritage);
- Support for the total demolition of privately owned agricultural buildings of no structural or economic value for being taken into use again and which are entered in the state register of construction works. Need for the demolition of such agricultural buildings must be stated in the relevant local development plan.

Support payments

Maximum support rates

- For a non-profit association – up to 90% of the cost of the approved investment, in rural municipalities bordering Tallinn up to 70%;
- For an entrepreneur of small or medium size – up to 65% of the cost of the approved investment (55% in the Harju county).

Maximum amounts of support payments

- Maximum public sector support is 300 000 EUR (4 693 980 EEK) per applicant and no more than 9586 EUR (150 000 EEK) in case of the demolition of agricultural buildings during the programming period;
- Maximum annual support per applicant must not exceed 60 000 EUR (938 796 EEK).

The applicants have a possibility to use bridge-financing provided by the Rural Development Foundation. Aid given to non-profit associations and foundations is not considered state aid.

Target area

The submeasure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. cities within rural municipalities with less than 4000 inhabitants) and small cities with up to 4000 inhabitants (Chapter 3.1.1, tables 2 and 3). Considering the development of LAGs it can be presumed that village development activities are more and more directed through Leader.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of supported activities	250
	Total volume of investment	20 million EEK/year
	Total number of liquidated agricultural production buildings	600
Result indicator	Rural population benefiting from improved services	30 000
Impact indicator	Net value added	neutral
	Net additional full time equivalent jobs created	10

Processing of applications

Documents required

- Application;
- Summary of a development plan of the relevant administrative unit;
- Agreement for the public use of the object of the investment, signed with the local government (for 5 years);
- In case of the demolition of agricultural buildings the document issued by the local government confirming the liquidation of the relevant building;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

The ARIB verifies the conformity of applications and exercises supervision. In each county, the county governor establishes an assessment committee for preparing the ranking lists of applications. The assessment committee includes representatives of the county government, of the local government, and of the economic and social partners.

In particular, the following is assessed:

- to what extent the investment object improves the quality of life of the region;
- to what extent the investment object improves the attractiveness of living environment;
- to what extent the investment object promotes local initiative and co-operation opportunities and reinforces social relations.

The assessment criteria have been approved by the ERDP Monitoring Committee.

5.3.4 AXIS IV – LEADER

MEASURE 4 – LEADER-MEASURE (41, 42,. 431)

Justification

All the different problems and needs of local life cannot be assessed and solved on the state level, considering one and the same model. In some cases it is rational to solve the problems of local level through local initiative, thus promoting co-operation between different sectors. This ensures that the specific needs of the relevant region are taken into account and the local potential is used. For this, measures related to wider areas of rural life must be supported.

To this end, LEADER-initiative programme has been implemented in the European Union, in addition to the sector measures. Leader-approach is characterised by area-based local development strategies, local public-private partnerships, bottom-up approach with a decision-making power for LAGs concerning the elaboration and implementation of local development strategies, multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy, implementation of innovative approaches, implementation of co-operation projects, and networking of local partnerships.

Estonia has implemented Leader-approach by the measure 3.6 “Local initiative based development projects – LEADER” within the framework of the Estonian National Development Plan 2004–2006. Leader-measure is implemented by two options: acquisition of skills and integrated rural area development strategy. Under the first option, local development strategies are prepared. Under the second option, the strategies are implemented. In a situation where the number of rural residents is small and enterprise is generally not profitable, the strength of the local community is important. In this aspect, concentration of rural residents can be observed – nearly a fourth of more than 4000 existing villages have elected village elders for the coordination of local activities and about 700 societies are involved in village development. In 2006, 24 LAGs applied for support under the Leader-type measure. Presently, LAGs are covering 181 local government units out of the total of 194, and this makes up approximately 93% of the total rural area.

Through local development strategies, Leader-approach enables single treatment of the objectives of the competitiveness of rural life, of environment, and of the quality of life. The approach involving different target groups active in rural life also contributes to the protection of local natural and cultural heritage, to the increase in environmental awareness, and to the investments into and to the promotion of local products, tourism and renewable natural resources. Local initiative also has an important role in connecting people to new ideas, encouraging innovation and enterprise and developing local services.

Legal basis

Articles 61–65 of the Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Objectives

Overall objective

The overall objective of this measure is to promote local initiative, contributing to the improvement of competitiveness of agriculture and forestry, of the environment and the countryside, and particularly to the improvement of the quality of life and to the diversification of economic activities, through mobilising the internal development potential of the rural area. As a result of this, it is important to give more decision-making power to the local level, so that by 2009–2010 the majority of rural municipalities could be covered by LAGs who have developed and are implementing the development strategies of their respective local regions.

Specific objectives

- To strengthen the local community through the development of LAGs and their strategies;
- To promote the forms of co-operation (including economical) contributing to the co-operation on the local level and to the creation of new jobs;
- To implement strategies directed at the sustainable use and introduction of local specific character, incl. natural and cultural heritage, at the development of community activities, the improvement of employment, the highlighting of local identity, the use of the potential of domestic and foreign tourism, and at the valuation of originality and traditions;
- To encourage innovative approaches creating value added and through this, to develop local services and the quality of life.

Target group

Beneficiaries

- Local Action Groups (NGO), entrepreneurs, local governments, associations.

Minimum requirements for an applicant

- Applicants are the entrepreneurs, citizens' associations, local governments and LAGs active in the region where LAG has been established;
- Applicant has no tax arrears (save staggered tax arrears);
- If the applicant has been established for a specified term, such term must not be shorter than 5 financial years after making the planned investment;
- As regards the object of the investment, no decisions have been made on the approval of application or on support payment within the framework of other support schemes;
- Borders of the territory of the LAG coincide with the borders of the local government units being members of this action group;
- Members of the LAG must not be members of any other LAG at the same time;
- Territory of the LAG comprises rural municipalities and towns with common economic, cultural and social interests, of which the territories are located in the same geographic region;
- Size of the territory of the LAG and the size of the population must provide sufficient critical mass of human, financial and economic resources needed for the implementation of a sustainable development strategy;
- Size of the population of the activity area of the LAG must be between 10 000–100 000, but justified variations of population size are allowed;
- For the establishment of a LAG, its membership must include at least 2 local government units and the entrepreneurs and citizens' associations active in the same region;
- LAG must be open towards accepting new members;

- LAG must have developed or must intend to develop a local development strategy;
- Share of the public sector on the decision-making levels of the LAG must be less than 50%;
- LAGs must be ready to select the projects to be financed according to the local development strategy, incl. co-operation projects. The statutes for the LAG must provide the mechanism for implementing the strategy and for selecting the projects to be financed, and also the principles of selection used by the selecting body;
- Innovation must be an important element of the local development strategies existing or developed by the LAGs;
- Local development strategies must include demarcation principles, regarding other support funds.

Supported activities and their short description

This measure supports the possibilities provided in Article 63 of Council Regulation (EC) No 1698/2005: running the LAG, acquiring skills and animating the territory, and implementing local development strategies. Both activities are combined with the element of co-operation. After the completion of strategies LAGs will implement the strategies, where all strategies which meet the requirements will be approved.

“Support for local action groups” is divided into:

Elaboration of local development strategies:

- Development of LAGs (incl. information, publicity and training activities);
- Conducting surveys of local regions;
- Preparing local development strategies;
- Co-operation within the country and between different countries.

Implementation of local development strategies:

- Supplementation of the existing local development strategies;
- Elaboration of strategy measures and their implementation;
- If the activities under the local development strategy conform to the requirements provided under other axes, the conditions of the relevant measures are applied;
- Development of LAGs (incl. information, publicity and training activities);
- Co-operation within the country and between different countries.

In the framework of “Support for projects” the measures described in local development strategies will be implemented.

Cooperation projects are integrated in the local development strategies and will be selected by the LAGs themselves. Cooperation may take place within the country (inter-territorial) or between Estonia and one or more EU countries or other countries (transnational). Rules of the Article 63 of Council Regulation (EC) No 1698/2005 and Leader co-operation guidelines will be respected. A coordinated procedure will be established between the Commission and Estonia to facilitate the selection of trans-national cooperation projects.

The public sector budget for this support measure is divided across the activities as follows:

- Elaboration of local development strategies – no more than 10% of the budget;
- Implementation of local development strategies – 90% of the budget (will increase after the selection of the LAGs implementing the local development strategies).

The selection of the projects to be financed under the relevant local development strategy is within the competence of the LAG. Here, the role of the paying agency is limited to verifying the eligibility of single activities. In case the actions correspond to the measures defined in Council Regulation (EC) No 1698/2005, relevant conditions have to be followed. Financing of projects outside the list of activities supported according to Council Regulation (EC) No 1698/2005 is allowed on the condition that those projects contribute to the attainment of the objectives of Axis 1 (competitiveness), Axis 2 (environment) or Axis 3 (quality of life/diversification). In limited cases it is possible to include provisions of article 56 of Commission Regulation (EC) No 1974/2006 in implementing regulation.

Support payments

Maximum support rates

- Elaboration of local development strategies – the maximum public sector support rate is up to 100% of eligible expenses;
- Implementation of local development strategies – the maximum public sector support rate for the activities conducted under the strategy by the projects implemented by citizens' associations is up to 90% of eligible expenses. The maximum public sector support rate for the investments into infrastructure is up to 60% of eligible expenses;
- LAGs may use up to 20% of the public sector contribution for their own administrative expenses (incl. running costs).

Maximum amounts of support payments

- Maximum amount of support payments for investments is up to 200 000 EUR (3 129 320 EEK).

Target area

The measure is implemented in Estonian rural area. For the purposes of this measure a rural area covers rural municipalities (incl. towns within rural municipalities) and small towns of up to 4000 inhabitants.

Indicators and target levels

Type of indicator	Indicator	Target 2007–2013
Output indicator	Number of LAGs supported	
	- option 1	2
	- option 2	25
	Total size of LAGs area	40 000 km ²
	Number of projects financed by LAGs	3000
	Number of supported co-operation projects	75
Result indicator	Number of co-operating LAGs	20
	Number of participants in local development strategy elaboration activities	750
	Number of jobs created	150
	Number of successful trainings	175

Impact indicator	Net value added expressed in PPS	85% (EU-25 average)
	Net additional FTE jobs created	150

Processing of applications

Documents required

- Application;
- Action plan for the development of a local strategy;
- Strategy;
- Other proving documents, if needed.

Paying Agency

The ARIB.

Application assessment procedure

To contribute to the inhibition of the increase in the difference of regional economic indicators, and to promote local initiative in the improvement of the quality of life, in case of Leader it is planned to use the indicators of regional differences (e.g. population density, receipts of taxes, employment, enterprise) in the allocation of resources A more specific list of indicators will be provided in a relevant regulation.

Open competitions for the selection of LAGs shall be organised no later than 2 years after the approval of the programme. The support measure is available for all applicants meeting the requirements for a LAG and active in rural area. The status of an action group implementing a local strategy will be available no later than in 2010. At that time, all local government units wishing to belong into LAGs must have joined one.

An assessment committee will be established for assessing the submitted action plans (elaboration of local development strategies) or local strategies (implementation of local development strategies) according to the stated assessment criteria. This assessment committee will consist of experts and representatives of the Ministry of Agriculture, the ARIB, and other relevant institutions and organisations.

Primarily, the following aspects are assessed:

- rate of involvement of the whole region and the population groups, including the possible involvement of different population groups;
- consideration of the partnership principle on the level of the LAG;
- economic viability and sustainability of the action plan/strategy;
- innovative qualities of the action plan/strategy;
- integrated approach of the action plan/strategy and possibilities for joint use with other programmes;
- elements of international and regional co-operation.

6. FINANCIAL PLAN

6.1. ANNUAL CONTRIBUTION FROM THE EAFRD

Table 27. Annual contribution from the EAFRD, (EUR)

Year	2007	2008	2009	2010	2011	2012	2013
Total EAFRD	95 608 462	95 569 377	95 696 594	100 929 353	104 639 066	108 913 401	113 302 602
Convergence regions*	-	-	-	-	-	-	-

* For Member States that have both convergence and non-convergence regions

6.2. FINANCIAL PLAN BY AXES

Table 28. Financial plan by axes, (EUR, total period)

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	347 610 068	75	260 707 551
Axis 2	334 460 344	80	267 568 275
Axis 3	118 919 233	75	89 189 425
Axis 4	85 759 063	80	68 607 250
Technical assistance	38 115 139	75	28 586 354
Total	924 863 847	77,27	714 658 855

7. INDICATIVE BREAKDOWN BY MEASURES

Table 29. Indicative breakdown by measures, (EUR, total period)

Measure	Expenditure	Total public	Private	Total cost
111 Vocational training and information actions		4 282 373		4 282 373
112 Setting up of young farmers		11 858 908		11 858 908
113 Early retirement		0		0
114 Use of advisory services		2 305 867	465 110	2 770 977
115 Setting up of manag., relief and advisory services		0		0
121 Modernisation of agricultural holdings		189 741 867	201 158 133	390 900 000
122 Improvement of the economic value of forests		20 753 013	17 117 394	37 870 407
123 Adding value to agricultural and forestry products		38 541 307	48 946 071	87 487 378
124 Cooperation for development of new products		22 774 107		22 774 107
125 Infrastructure related to the devel. and adaptation ...		35 576 533	8 482 428	44 058 961
126 Restoring agricultural production potential		0		0
131 Meeting standards based on Community legislation		4 793 374	4 793 374	9 586 748
132 Participation of farmers in food quality schemes		0		0
133 Information and promotion activities		0		0
141 Semi-subsistence farming		4 200 480		4 200 480
142 Producer groups		12 782 239		12 782 239
211 Natural handicap payments in mountain areas		0		0
212 Payments in areas with handicaps, other than ... *		53 513 654		53 513 654
213 Natura 2000 payments and payments linked to ...		8 652 796		8 652 796
214 Agri-environment payments *		210 886 973		210 886 973

215 Animal welfare payments	21 724 033		21 724 033
216 Non-productive investments	3 962 523		3 962 523
221 First afforestation of agricultural land *	4 281 093		4 281 093
222 First establishment of agroforestry systems ...	0		0
223 First afforestation of non-agricultural land	0		0
224 Natura 2000 payments	31 439 272		31 439 272
225 Forest-environment payments	0		0
226 Restoring forestry potential and intr. prevention ...	0		0
227 Non-productive investments	0		0
311 Diversification into non-agricultural activities	0		0
312 Business creation and development	71 351 540	112 000 000	183 351 540
313 Encouragement of tourism activities	0		0
321 Basic services for the economy and rural population	0		0
322 Village renewal and development	47 567 693	41 908 614	89 476 307
323 Conservation and upgrading of the rural heritage	0		0
331 Training and information	0		0
341 Skills acquisition, animation and impl. of ...	0		0
411 Impl. local development strategies. Competitiveness	15 436 631		15 436 631
412 Impl. local developm. strategies. Environment/land	0		0
413 Impl. local development strategies. Quality of life	61 746 525		61 746 525
421 Impl. cooperation projects	5 145 544		5 145 544
431 Running the local action group, acq. skills and ...	3 430 363		3 430 363
511 Technical Assistance	38 115 139		38 115 139
- of which National rural network running costs	up to 1 120 000		up to 1 120 000
- action plan of National rural network	up to 3 360 000		up to 3 360 000
Total	924 863 847	434 871 124	1 359 734 971

* including the transferred costs from period 2004–2006

More detailed amounts for single measures and submeasures will be established by the order of the Minister of Agriculture for each financial year.

8. ADDITIONAL NATIONAL FINANCING

Within drafting and approval of the state budget, the Government of Estonia may decide upon the allocation of additional state budget funds for financing the implementation of the ERDP (incl. as regards Axes II and IV), provided that the need for funds is sufficiently justified. In this case the notification will be carried out in accordance with the procedures stated in the Community legislation.

9. STATE AID SCHEMES

Table 30. State aid schemes

Measure code	Name of aid scheme	Legality of aid scheme	Duration of aid scheme
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(114, 115)	ERDP 2007–2013 measure 1.3 – “Support for advisory system and services”	Aid granted to advisory centres (under activity 2 (measure code 115): “Development of advisory system for ensuring good availability of advisory service”) will be in conformity with the <i>de minimis</i> regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to <i>de minimis</i> aid of 15 December 2006, Official Journal L 379 of 28.12.2006	2007–2013
(122, 123, 226)	ERDP 2007–2013 measure 1.5 – “Improving the economic value of forests and adding value to forestry products”	Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises XS221/2007	Until 31.12.2008
(123)	ERDP 2007–2013 measure 1.6 – “Adding value to agricultural and non-wood forestry products”	Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises XS222/2007	Until 31.12.2008
(121, 124)	ERDP 2007–2013 measure 1.7 – “Development of new products, processes and technologies in the sectors of agriculture, food and forestry”	Any aid granted to processors of agricultural and forestry products under submeasure 1.7.1 (measure code 124) will be in conformity with the <i>de minimis</i> regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to <i>de minimis</i> aid of 15 December 2006, Official Journal L 379 of 28.12.2006	2007–2013
(311, 312, 313)	ERDP 2007–2013 measure 3.1 – “Diversification of the rural economy”	1) Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises XS223/2007	Until 31.12.2008

		2) <i>De minimis</i> aid regulation – Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to <i>de minimis</i> aid, 15 December 2006 (OJ L 379, 28.12.2006)	2007–2013
(321, 322, 323)	ERDP 2007–2013 measure 3.2 – “Village renewal and development”	Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises XS224/2007	Until 31.12.2008
(411, 413)	ERDP 2007–2013 measure 4 – “Leader-measure”	Aid (EAFRD support and national co-financing) given through local action groups under the measure for: 1) the activities pursuant to Articles 25 and 28 of Council Regulation (EC) No 1698/2005 falling out of the scope of Article 36 of the Treaty and measures 1.3 and 1.6 notified with the ERDP respectively, 2) activities pursuant to Article 29 of Council Regulation (EC) No 1698/2005 falling out of the scope of measure 1.7 notified with the ERDP, and: 3) activities under Axis III of Title IV Chapter I Section 3 of Council Regulation (EC) No 1698/2005 falling out of the scope of measures 3.1 and 3.2 notified with the ERDP, will be in conformity with the <i>de minimis</i> regulation – (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to <i>de minimis</i> aid, 15 December 2006 (OJ L 379, 28.12.2006)	2007–2013

Any cases of application of the schemes enumerated above for which under State aid rules or under conditions and commitments laid down in the respective State aid approval decision,

individual notifications are required, will be notified individually pursuant to Article 88 (3) of the Treaty.

10. COMPLEMENTARITY WITH OTHER MEASURES

10.1 COMPLEMENTARITY WITH THE COMMUNITY AND NATIONAL POLICIES

Rural life has an important role in the promotion of innovation and restructuring of the sector of agriculture, in the improvement of the living environment and in the diversification of enterprise. Through Axes I and III, the ERDP contributes to the Lisbon competitiveness, economic growth and job creation objectives and through Axis II to the more environmentally friendly living environment objectives. The Axis II measures are used for the maintenance and development of biological diversity, environmentally friendly agricultural and forestry systems and traditional agricultural landscapes as well as for the integration of the objectives related to water and climate change. By that, those measures contribute to the Gothenburg commitment to reverse the decline in biological diversity by 2010.

The common economic space of agriculture as one sector of the economy (export refunds, intervention measures, direct payments, information and promotion measures, veterinary measures, etc.) is supported from the European Agricultural Guarantee Fund (the EAGF). Under the European Agricultural Fund for Rural Development (the EAFRD), structural adjustment of agricultural holdings, social services (land management, etc.) and rural enterprise are supported. The ERDP complements the CAP measures and it does not contradict to the objectives of the common market organisations. There are no actions similar to those taken under the CAP pillar I, which would be funded from the programme. Increasing competitiveness and the quality of production increases the demand for domestic production and, through the non-food usage of production new market outlets are opened. This reduces the risk of surpluses, which otherwise would have to be disposed of at high costs. In order to avoid over production, the Estonian authorities commit themselves to operate within the limitations of certain sectors. Paying Agency (ARIB) administrates both CAP instruments and the ERDP, which decreases the risk of overlapping between pillar I and pillar II instruments.

Under the Rural Development and Agricultural Market Regulation Act, the following national support payments are available for the development of agriculture and rural development in 2007 – farm animals breeding support, market development support, practical training support and agricultural producer substitution support. Farm animals breeding support is financial assistance partly or fully compensating for the costs of breeding development. Market development support is financial assistance partly or fully compensating for the costs of the activity to increase agricultural produce marketing opportunities or to introduce the achievements of research and development into agricultural production or agricultural produce processing or as a result of which the production or processing of agricultural products will improve. Practical training support is financial assistance partly compensating for the costs of the supervision and organisation of agricultural students' practical training in agricultural producer's enterprise. Agricultural producer substitution support is financial assistance partly compensating to agricultural producer for the costs of his substitution during his vacation of up to 28 days. Avoidance of overlapping with the ERDP measures is ensured through different target groups and supported activities.

10.2 CONNECTIONS OF AXES I–III WITH OTHER MEASURES

Though during the EU budget period of 2007–2013, the EU funds foreseen for the support to agriculture and fisheries are not under structural funds any more and as their use in the new period is foreseen from separate structural funds, they, too, are considered in the course of the preparation of the State Budget Strategy.

For the more efficient use of the Community support funds, their complementarity must be ensured and any overlapping must be avoided. As regards the measures implemented within the framework of the ERDP, primarily the relations and complementarity with other structural funds allocated by Estonia during the EU budget period 2007–2013, which are implemented through the “State strategy for the use of structural funds in 2007–2013” and the relevant operational programmes (development plans) must be monitored. For the use of the EU structural funds for the period 2007–2013, three relevant operational programmes have been developed and the following ministries have been appointed to steer the development of those operational programmes under the co-ordination of the Ministry of Finance:

- Human Resources Development Operational Programme – Ministry of Education and Research. The programme covers all the activities financed from the European Social Fund (the ESF);
- Living Environment Development Operational Programme – Ministry of the Environment. The programme covers environmental and energy investments, regional development support and investments for the infrastructure of education, health and welfare services from the resources of the European Regional Development Fund (the ERDF) and the Cohesion Fund;
- Economic Environment Development Operational Programme – Ministry of Economic Affairs and Communications. The programme covers the activities related to the development of enterprise, research and development, information society and transport infrastructure from the resources of the ERDF and the Cohesion Fund.

For the development of the relevant operational programmes, the responsible ministries have established working groups, which include representatives of all the related ministries and partners. Efficient co-ordination between the different operational programmes is important, as several activities of the operational programmes of different structural funds complement one another.

There are close connections between the EAFRD, the European Fisheries Fund and structural funds, regarding the supported activities. If in a region (in the case of Estonia, in the whole country) structural funds are directed at several fields, the EAFRD and the European Fisheries Fund are targeted at the support for agriculture and rural development. In spite of that, activities for the increase in employment, for the promotion of the development of enterprise and for the improvement of the living environment etc. are planned from the resources of all the funds referred to. The activities effected with the assistance of structural funds also support the improvement of the situation in rural and coastal areas.

Next, some examples of the connection and complementarity of the ERDP measures with the measures implemented under other operational programmes.

The measures of Axis 1 are primarily related to the activities implemented by the Ministry of Economic Affairs and Communications under the priority “Renewal and innovation capacity of enterprise”, of which the priority directions, such as development of the transport infrastructure of regional importance, promotion of information society and development of energy, also contribute to the increase in the competitiveness of rural agricultural and non-agricultural entrepreneurs. The measures of Axis 1 directed at the development of human potential (“Training and information activities” and “Support for advisory system and services”) are most related to the activities implemented under the priority “Development of

education infrastructure” of the “Living Environment Development Operational Programme” co-ordinated by the Ministry of the Environment. The objective of those ERDP measures is to increase the competitiveness of the agricultural, food and forestry sector through the development of the human potential of the sector. Lack of qualified labour force has become one of the inhibiting factors of the development of this sector and this is partly due to the underfinancing of the vocational education in the sector, resulting in the non-conformity of the material training base with the present needs of modern agriculture and the rural economy. Systematic support to vocational training (incl. investments into the infrastructure of vocational educational institutions in the agricultural and rural economy sector) belongs to the area of administration of the ERDF and also to the activities of the measure “Modernisation of the study environment of vocational educational institutions” of the above mentioned operational programme co-ordinated by the Ministry of the Environment. Education, research and development and labour market development (incl. rural employment) are generally financed under the “Human resources development operational programme”, using the resources of the ESF. In relation to the ERDP measure 1.1 “Training and information activities”, support can potentially be granted for information actions in the field of fisheries and aquaculture under the Estonian operational plan for European Fisheries Fund. Avoidance of overlapping is ensured through different target groups and supported activities. As regards employment, the ERDP should particularly create favourable conditions for the increase in employment.

In the implementation of the development project, the measure “Improving the economic value of forests and adding value to forestry products” complements the activities of the Economic Environment Development Operational Programme co-ordinated by the Ministry of Economic Affairs and Communications.

The measure directed at the infrastructure of agriculture and forest management is complemented by national support provided for forestry improvement by the Private Forest Centre Foundation. The Foundation also supports natural persons-private forest owners and maximum annual support amounts are considerably lower.

Under the “Living environment development operational programme” the wider use of renewable energy sources, the protection of ambient air and the development of energy saving in housing will be financed.

For the wider use of renewable energy sources and for the protection of ambient air, entry of renewable resources into service for energy production in power plants, joint production stations and boiler plants, creation of network access, renovation of district heating systems, entry of alternative fuels into service in transport, establishment of the treatment facilities of power plants, innovative technologies and distributed energy production will be supported.

For the development of energy saving in housing, it is possible to support the renovation and reconstruction of the buildings constructed before 1990, energy audits and advice, information and training activities.

The ERDP measure 1.9 “Setting up and development of producer groups” does not overlap with the support for starting enterprises planned to implement in the framework of priority “Innovation and growth capacity of enterprises” of the Economic Environment Development Operational Programme. Starting of agricultural activities is not supported under the entrepreneurship-targeted measures of other operational programmes and the objectives of the measures are also different. The objective of measure 1.9 is to facilitate the joint economic activities of operating agricultural entrepreneurs in order to adapt the production and output of producer group members to market requirements and to improve the market access of their processed products.

Under Axis 2, the complementarity of the ERDP measures is the highest with the activities of the “Living environment development operational programme”, co-ordinated by the Ministry

of the Environment. Water management, waste management, biological diversity and the sustainable use of natural resources, environmental awareness, environmental monitoring, improvement of the competitiveness of regions and the development of local public services will be eligible under the “Living Environment Development Operational Programme” using the resources of the Cohesion Fund and the ERDF. Biological diversity will also be supported through specific nature conservation programmes (e.g. LIFE+).

Under Axis 3, the activities of the measure “Diversification of the rural economy” have similar objectives with the activities implemented under the priority “Renewal and innovation capacity of enterprise” of the “Economic Environment Development Operational Programme” co-ordinated by the Ministry of Economic Affairs and Communications. One of the main objectives of the measure “Diversification of the rural economy” is to create non-agricultural jobs in rural area. In order to avoid overlapping, demarcation, regarding the size groups of enterprises, activities and investment areas is the following: the target group of the ERDP measure is agricultural producers who are not supported from other funds and non-agricultural micro-entrepreneurs (according to Commission Recommendation No 2003/361/EC) making investments into rural areas. Larger entrepreneurs than micro-entrepreneurs are the target group of the measures implemented by the Ministry of Economic Affairs and Communications. The total effect of those measures is complementary. The ARIB in co-operation with the Enterprise Estonia will ensure that the same investment object would not receive simultaneous funding from several sources. Besides, the ERDP support for the start-up of enterprises is not allowed.

In case of the measures under axes 3 and 4, connections (regarding the activities of the renewal and development of villages and the activities of Leader-measure) with the priority objective “Comprehensive and balanced regional development” of the “Living environment development operational programme” are also important. In order to avoid overlapping, the relevant activities of the private sector will not be supported under the “Living environment development operational programme”. However, local governments and non-profit organisations are eligible applicants. As for local services, demarcation will be ensured by directing the ERDP support measures at the local level, the above mentioned operational programme supports local living environment on the rural municipality and county level. Complementarity is also ensured by target groups. The ERDP measures are targeted at private and non-profit sectors, the measures of the “Living Environment Development Operational Programme” are mainly targeted at local governments. For example, both the ERDP and the “Living environment development operational programme” include support for the protection of rural environment and for the demolition of abandoned buildings littering the landscape. Under the ERDP measure 3.2 “Village renewal and development”, this is limited to supporting the demolition of abandoned rural agricultural production buildings belonging to private owners. Under the “Living environment development operational programme”, it is also planned to support the demolition of the facilities in other fields of activity and in the ownership of local governments.

It is not possible to provide a detailed description of demarcation and total effect, as unlike the ERDP, the operational programmes do not include descriptions of specific measures.

Further, entrepreneurs can use the loans, securities and other instruments supporting enterprise, provided by the Rural Development Foundation (RDF). Agricultural producers supported under measures 1.2 and 1.4 or approved in applying for support, can also use the soft loans and securities provided by the Rural Development Foundation.

Within the framework of village development (measure 3.2) and Leader (measure 4) RDF plans to offer bridge financing to applicants. It is necessary as third sector organisations have in general limited ability of making investments from their own funds, as the support will be

paid retrospectively after the beneficiary will have submitted invoices, expense receipts, or other equivalent documents.

10.3 CONNECTIONS OF AXIS IV WITH OTHER MEASURES

Axis IV is mainly connected with Priority IV (Sustainable development of fisheries areas) of the European Fisheries Fund (EFF). Rural settlements of coastal areas are the typical place of residence of coastal fishermen, where people are also active in agricultural production or other rural enterprise as an additional activity. Considering the principle of demarcation, it is planned as a rule to preclude support for diversification from fisheries to agriculture and vice versa, in particular in product groups without normal market outlet or with limited resource (catch and production quotas). On administrative level, double financing of projects will be prevented. Local initiative based local development strategies are the focus of both the measure of the sustainable development of fisheries areas and Leader-measure. To avoid overlapping of LAGs and the action groups of fisheries areas, preparation of different strategies for the administration of the EFF and EAFRD funds is required. The strategies prepared under the EFF are primarily targeted at adding value to fisheries products, at the support for the infrastructure related to fisheries of small capacity and for services beneficial for small communities active in fisheries, at the promotion and improvement of professional skills and employment opportunities, at the support for the activities related to the maintenance and growth of tourism, protection and increase in the attractiveness of fisheries areas living environment, at restructuring and redirecting of economic activity, at the restoration of the production potential of fisheries sector damaged by natural or industrial disasters and at the support for life-long learning. In case Leader and fisheries areas overlap with each other competent authorities will be responsible for further developing of procedures that will prevent inefficient overlapping or double financing of measures and operations and to explore the potentials for complementarity between the programs and operations during the implementation. These two different strategies will have to outline the complementarity and demarcation lines between the fisheries and Leader-strategies (and possibly also other funds). On administrative level, double financing of projects is prevented through procedures of Paying Agency. More detailed mechanisms and principles will be presented in the relevant regulations.

In addition to that, national measures, such as the regional development planning programme and the programme of small projects directed at the improvement of regional competitiveness, are implemented. The objective of the regional development planning programme is to improve the quality of public projects directed at the enhancement of regional competitiveness. Under the programme, projects including the following activities are supported – preparation of strategies for the evaluation, determination and efficient use of region-specific resources, determination and development planning of development complexes for the preparation of specific investment projects. Demarcation with the support referred to will be ensured on target group level as beneficiaries under this programme include local governments, foundations and non-profit associations, county museums and state authorities that perform as managers of protected nature objects.

The objective of the programme of small projects directed at the improvement of regional competitiveness is to contribute to the liquidation of the bottlenecks hindering the maximum utilization of regional development potential and to the utilization of development prerequisites, in order to create prerequisites for the development of enterprise. For the attainment of programme objectives, the development of small objects for recreational and visiting purposes and adding value to those objects, the development of a supporting infrastructure for recreational and tourist sites, the introduction and development of region-

specific or unique regular events and public activities for the animation and diversification of local economic and business environment will be supported. Demarcation with the programme will be ensured through the target group. Under the programme of small projects directed at the improvement of regional competitiveness, local governments, foundations and non-profit associations, county museums and state authorities performing as managers of protected nature objects will qualify for applying for support.

10.4 CO-ORDINATION MECHANISMS

In planning of funds and in the later application phase, attention should be paid to the mutual co-ordination of activities, in order to avoid duplication and to enable synergy.

In the preparation of Operational Programmes, co-ordination mechanisms are the following:

- participation of the representatives of the ministries responsible for the preparation of documents in planning of other funds – representatives of the Ministry of Agriculture participate in planning of structural funds (incl. in an inter-ministerial working group) and representatives of the Ministry of Finance participate in planning of the funds of the European Agricultural Fund for Rural Development and of the European Fisheries Fund;
- continual exchange of information between the responsible ministries and between the Ministry of Agriculture and other ministries;
- integration of planning of different foreign funds in the uniform process of devising the National Budget Strategy for that reason in making budgetary decisions all the funds are treated together and their use is harmonised, as necessary.

In the course of further implementation, co-ordination mechanisms will be the following:

- planning of funds to annual state budgets is uniform and integral and takes place within the annual process of devising the National Budget Strategy;
- monitoring committees will include representatives of all the related ministries and economic and social partners. The Ministry of Agriculture will be member of the Operational Programme Monitoring Committees and the related ministries as well as the Ministry of Finance will be members of the ERDP Monitoring Committee and of the Estonian Operational Programme of the European Fisheries Fund 2007–2013 Monitoring Committee;
- all the ministries are granted access to draft legislation by the electronic system of the co-ordination of draft legislation, which enables to consider that legislation in their own preparation of legislation;
- disclosure of the lists of approved projects, which gives an overview of actual support payments;
- organisation of evaluations covering several sectors and strategies;
- to avoid double financing, information is exchanged between the ARIB, the final beneficiaries of the operational programmes of structural funds and the Private Forest Centre Foundation.

11. COMPETENT AUTHORITIES

According to Article 74 (2) of Council Regulation (EC) No 1698/2005, the following authorities are responsible for the ERDP implementation on the national level:

Management Authority

The Ministry of Agriculture, which is responsible for the co-ordination of the implementation of the EU CAP in Estonia, is the ERDP Management Authority. The Ministry of Agriculture is responsible for the accreditation, supervision and cancellation of the accreditation of the Paying Agency, and is also fulfilling other tasks of the Management Authority.

The Management Authority is responsible for the management and implementation of the programme in an efficient, productive and correct way, and conducts primarily the following activities:

- ensures that the financed activities are selected according to the criteria applicable to the ERDP;
- ensures the existence of the system for electronic entry and storage of the statistical data about the implementation of activities, necessary for monitoring and evaluation;
- ensures that the beneficiaries and other bodies related to the implementation of activities:
 - are aware of the obligations resulting from the support granted to them, and are keeping a separate accounting system or are using the relevant accounting codes for all the transactions related to the activities;
 - are aware of the requirements for submitting data to the Management Authority and for the registration of productivity and results;
- ensures the evaluation of the ERDP within the stated deadlines and the conformity to the common monitoring and evaluation framework, and the submission of the results of the conducted evaluations to the relevant national authorities and the European Commission;
- heads the Monitoring Committee and forwards to the Monitoring Committee the documents necessary for monitoring the implementation of the ERDP, in view of the ERDP specific objectives;
- ensures the conformity to the objectives related to information about the ERDP and to making the ERDP available to the public;
- prepares the annual progress report and after its approval by the Monitoring Committee submits it to the European Commission;
- ensures that the Paying Agency receives all the necessary information before granting the support payments, primarily the information about the activities conducted and about any and all verifications conducted in relation with the activities selected to be financed.

Paying Agency

Regarding the communication and storage of information and the payments made, the Paying Agency has to grant sufficient guarantees for the following:

- the eligibility of applications and the support procedure within the framework of rural development and their conformity to the Community rules have been verified before the approval of support payments;
- the support payments made have been entered in the accounts precisely and thoroughly;
- the verifications provided in the Community legislation have been conducted;
- the required documents have been submitted in due time and in the form established by the Community rules;
- documents, incl. the electronic documents in the form meeting the Community requirements, are available and preserved in a way ensuring their continual integrity, validity and legibility.

The ARIB implements all CAP and the accompanying measures and performs the duties of the Paying Agency for the ERDP, having been accredited by the Ministry of Agriculture beforehand. In accordance with Commission Regulation (EC) No 1848/2006 and as established by the national legislation, ARIB shall report to the European Commission irregularities, frauds and non-compliances concerning the implementation of the ERDP support measures and in abovementioned cases takes necessary actions for the recovery of Community funds.

Certification Body

The Certification Body is a public or private entity, which is appointed by a Member State. It is responsible for the certification of the management and verification systems established by the accredited Paying Agency, and also for the annual accounts of the Paying Agency.

The duties of the Certification Body are performed by an authority independent of the Paying Agency appointed by the Management Authority.

Other institutions

The Rural Economy Research Centre, the Agricultural Research Centre, the Estonian Plant Production Inspectorate, the Veterinary and Food Board, regional land improvement bureaus, Land Improvement Bureau of Supervision and Expertise, the Ministry of the Environment, the State Nature Conservation Centre, county environmental services, the Environmental Inspectorate, the National Heritage Board and the Private Forest Centre participate in the implementation of the relevant measures within their limits of competence.

12. MONITORING AND EVALUATION

Monitoring and evaluation of the ERDP are based on the requirements provided in Articles 77–87 of Council Regulation (EC) No 1698/2005. The Ministry of Agriculture, which is the ERDP Management Authority, is responsible for the co-ordination and functioning of the monitoring and evaluation system. The detailed procedure for the monitoring and evaluation of the ERDP will be established by the Minister of Agriculture.

The main role in the co-ordination of the ERDP monitoring and evaluation system is given to the Rural Development Department of the Ministry of Agriculture which, among other duties, provides guidance to the relevant institutions in the matters of the monitoring and evaluation of the ERDP, performs the duties of the Secretariat of the ERDP Monitoring Committee, prepares the annual monitoring reports and the final report, and submits those reports to the European Commission after approval by the ERDP Monitoring Committee.

12.1 MONITORING SYSTEM

Monitoring is conducted on the basis of the common baseline, input, output, result and impact indicators, described in the ERDP. The basic monitoring information is entered into the common electronic information system by the Paying Agency (the ARIB) and the relevant data are stored there.

The general monitoring and reporting system has the structure according to the indicators indicated in the Strategy and the ERDP. Gathering of monitoring information on the level of measures and the preparation of reports is conducted by the Paying Agency and other relevant institutions. On the basis of this information, the Paying Agency draws up the annual report and submits it to the management Authority. The reports submitted by the ARIB and other relevant institutions are the basis of the ERDP annual monitoring report prepared by the

Management Authority. The Management Authority supplements the annual report particularly with its assessments on the implementation of measures, proceeding from the objectives provided in the ERDP.

According to Article 82 (2) of Council Regulation (EC) No 1698/2005, the annual ERDP monitoring report reflects the following:

- amendments of the general terms and conditions of the ERDP, having an impact on the implementation of the programme and on the consistency of the EAFRD and other funds;
- development of the ERDP in relation with the intended objectives, on the basis of the output and result indicators;
- financial implementation of the ERDP, reflecting the payments made to the beneficiaries;
- summary of the ongoing evaluation activities;
- measures taken by the Management Authority and the Monitoring Committee for ensuring the quality and efficiency of the ERDP implementation;
- confirmation of the conformity of the support to the Community policy;
- reuse of the aid recovered.

According to Article 82 (1) of Council Regulation (EC) No 1698/2005, the Management Authority submits the ERDP annual monitoring report on the implementation of the programme to the European Commission annually no later than on 30 June. The first ERDP monitoring report will be prepared in 2008. The Management Authority will submit the final report about the ERDP implementation to the European Commission by 30 June 2016. Annual monitoring reports are declared admissible, if the Commission does not deliver any comments upon them within 2 months (except the final report, in case of which the Commission will have 5 months for response).

The Management Authority does not prepare any separate strategy summary report, but adds to the annual monitoring report for years 2010, 2012 and 2014 a description of the ERDP achievements and results related to the indicators provided in the Estonian Rural Development Strategy, and of results of ongoing evaluation, according to Article 13(3) of Council Regulation (EC) No 1698/2005.

12.2 MONITORING COMMITTEE

According to Article 77 of Council Regulation (EC) No 1698/2005, the ERDP Monitoring Committee will be established at least within 3 months after the approval of the ERDP. The establishment and functioning of the Monitoring Committee is ensured by the Ministry of Agriculture performing as the Management Authority. Minister of Agriculture will appoint the chairman, deputy chairman and members of the Monitoring Committee. The duties of the chairman and deputy chairman of the Monitoring Committee will be performed by the representatives of the Management Authority. The Monitoring Committee will be established with a relevant decree of the minister of agriculture.

The tasks of the Secretariat of the ERDP Monitoring Committee are performed by the Rural Development Department of the Ministry of Agriculture. The Secretariat is responsible for the preparation of the documents related to Monitoring Committee, the reports and the agendas, and taking minutes at meetings. The documentation necessary for the work of the Monitoring Committee must be forwarded to the members of the Monitoring Committee no later than 10 working days before the date of the meeting.

Upon the establishment of the Monitoring Committee, the partnership principle and the principle of equality between men and women are considered. According to Article 77 (2) and Article 6 (1), the Monitoring Committee comprises the representatives of competent regional and local authorities and other public establishments, economic and social partners and other relevant bodies and the representatives of the Commission acting in advisory capacity. The Monitoring Committee includes representatives of the Ministry of Finance, the Ministry of the Environment, the Ministry of Internal Affairs, the Ministry of Economic Affairs and Communications, the ARIB, associations of agricultural producers and farmers, food quality and different agricultural production sector based associations and organisations, associations of forest owners, educational and training institutions of the sector of agriculture, environmental protection organisations, associations of rural tourism entrepreneurs, village movement, associations of the young and women and associations active in social inclusion. The Monitoring Committee rules of procedure will be developed by the Management Authority and approved by the members of the Monitoring Committee at the first meeting of the Monitoring Committee.

The meetings of the Monitoring Committee are held at least once a year for the approval of the annual monitoring report. Besides, in case of other issues, the Monitoring Committee may also use a written procedure.

According to Article 78 of Council Regulation (EC) No 1698/2005, the Monitoring Committee shall satisfy itself as to the effectiveness of the implementation of the rural development programme. To that end, the Monitoring Committee also performs the following duties, among others:

- 4 months after the approval of the ERDP, discusses the selection criteria of the ERDP measures;
- monitors the achievement of the ERDP objectives;
- examines the results of the implementation and ongoing evaluation;
- approves the annual monitoring reports and the final monitoring report of the ERDP;
- makes proposals to the Management Authority for the improvement of the ERDP objectives or management, if necessary;
- reviews and approves the motions to amend the EC financing decision.

12.3. EVALUATION SYSTEM

The ERDP evaluation (ex ante, mid-term and ex post evaluation) within the stipulated period and its conformity to the common monitoring and evaluation framework as well as the submission of the reports of performed evaluations to national authorities and to the Commission is ensured by the Ministry of Agriculture as the Management Authority. Evaluations are performed by independent valuers. The evaluations of the Axis 2 measures are performed by the Agricultural Research Centre. Due to the lack of bodies with relevant expertise and similarly to the evaluation of Axis 2, where the appointed evaluator is Agricultural Research Centre the ongoing evaluation of Axes 1, 3 and 4 will be performed by the Estonian University of Life Sciences. Estonian University of Life Sciences is an independent legal person in public law under the State supervision exercised by the Ministry of Education and Research and other legally designated agencies and persons.

According to Article 86 (1) of Council Regulation (EC) No 1698/2005, each Member State will establish an ongoing evaluation system, of which the objective is to examine the progress of the development plan, regarding its objectives and using result indicators and also impact indicators, if necessary, to improve the quality of development plans and their

implementation, to review the substantive motions to amend the development plan and to prepare for the mid-term and ex post evaluations.

From 2008, in each year the Ministry of Agriculture will inform the Monitoring Committee about the ongoing evaluation activities, the summary is appended to the annual monitoring report.

In 2010, ongoing evaluation will be replaced by a separate mid-term evaluation, which will be conducted by 31 December 2010 at the latest. The objective of mid-term evaluation is to make proposals for the improvement of the quality of the development plan and of its implementation.

In 2015, ongoing evaluation will turn into a separate ex post evaluation, which will be conducted by 31 December 2015 at the latest. In the course of ex post evaluation, the effect of the development plan, the use of resources and the efficiency and performance of rural development support payments will be evaluated and the conclusions of the implementation of the rural development policy, incl. the contribution to the implementation of the EU CAP, will be drawn.

12.4. EVALUATION BOARD

The duties of the Evaluation Board are the following:

- establishment of the invitation of tender to find independent valuator(s) for mid-term and ex post evaluation, whose duty is the evaluation of the ERDP measures. The independent valuator of the Axis 2 is the Agricultural Research Centre;
- establishment and surveillance of a timetable for the preparation and submission of the necessary evaluation reports;
- establishment of the division of tasks between the independent valutors;
- review and approval of the evaluation reports prepared by the independent valutors (the reports will be submitted to the European Commission as a single document after its review by the ERDP Management Authority).

13. COMMUNICATION PLAN

Communication and disclosure is organised according to Commission Regulation (EC) No 1974/2006 under the present communication strategy and communication action plan and co-ordinated by the ERDP Management Authority. The objective of the action plan is to ensure as transparent and purposeful use of the EAFRD as possible. The European Commission is also notified of the fulfilment of this communication action plan.

Ministry of Agriculture as the Management Authority and the ARIB as the Paying Agency and their co-operation partners do all in their power to ensure public access to the documents and to notify the potential applicants and the public regularly and in a co-ordinated manner of the issues related to the ERDP implementation.

The national Public Information Act, according to which any and all information not classified as secret must be available to the public, also contributes to the assurance of the disclosure of information.

13.1 COMMUNICATION STRATEGY

Objectives of communication

The objective of the ERDP communication activity is to make the EU agricultural and rural development supports public and to provide the target groups with an objective and comprehensive overview of the objectives of the development plan and of the support principles.

Sub-objectives of communication

The objectives of the communication process related to the EAFRD support payments are the following:

- to increase the awareness of the public of the objectives and principles of the EU agricultural policy (primarily, of the different support measures);
- to increase the awareness of the public of the ERDP and its priorities, objectives, activities and results;
- to increase the awareness of the potential applicants of the EAFRD support possibilities, principles and information sources;
- to notify the target groups of the existence and principles of other support funds contributing to the general development of rural area (e.g. the EFF, the ERF, the ESF) – introducing the Community related policies in the context of the EAFRD support;
- to increase the awareness of the public of the public resources of Estonia and of the contribution of the EU to the promotion of rural development;
- to ensure the programme transparency and information accessibility for all target groups;
- to promote co-operation with the target groups and receive feedback from them;
- to ensure the communication on the progress of the ERDP;
- to provide continuous reliable information about the results and efficiency of the implementation of the ERDP measures;
- to highlight positive models and examples;
- to disclose information about the approved and financed projects.

Communication principles

The information and disclosure activities related to the EAFRD support funds are based on the main disclosure principles:

- openness and transparency;
- objectivity;
- operativeness;
- regularity;
- simplicity of content and accessibility of information.

In addition to project financing, in information activities, attention is also drawn to far-reaching consequences, such as employment, improvement of the economic and living environment, increase in income, etc.

In the course of the ERDP implementation, it is important to co-operate with different social partners, in particular with different umbrella organisations (third sector organisations representing potential beneficiaries).

Division of tasks in communication administration

The Ministry of Agriculture as the ERDP Management Authority co-ordinates the performance of duties related to information and disclosure. This task is put on the Public Relations Department of the Ministry.

In addition to the above mentioned, the Ministry of Agriculture is also responsible for the performance of the following duties:

- notification of the public of the objectives of the EU CAP and of its impact on Estonian agriculture and rural life;
- general introduction of the supports for agriculture and rural development;
- disclosure of the ERDP objectives, priorities, measures and results;
- co-ordination of information activities with the Paying Agency;
- disclosure of beneficiaries and support payment amounts in Internet;
- development and disclosure of the materials concerning the EAFRD support and of the requirements for the visualisation of information activities.

The ARIB as the Paying Agency is responsible for the performance of the following duties:

- notification of the potential applicants of the terms to receive support;
- preparation and dissemination of the instructions necessary for filling in application forms and for writing projects;
- notification of applicants of the procedure related to the assessment of applications;
- notification of support recipients of the requirements for the disclosure and visualisation related to the EAFRD support.

In addition, all the authorities involved in the EAFRD implementation must ensure public access to the relevant documents and inform the recipients of the circumstances related to the ERDP implementation.

Target groups

In the communication strategy and the relevant action plan, the target groups are divided as follows:

- general public (indirect beneficiaries);
- applicants and recipients (potential beneficiaries):
 - entrepreneurs;
 - non-profit associations, foundations and unions thereof;
 - LAGs;
 - other economic and social partners;
- Support structures:
 - county advisory centres and information dissemination centres;
 - national rural network;
 - county governments and rural municipality governments;
 - Representation of the European Commission in Estonia;
 - “Europe Direct” information points in Estonia;
 - agricultural and other advisers.
- Press.

Main messages of information activity

Information activity must ensure the communication of the main messages to the target groups.

- All supported projects must be related to the attainment of the ERDP objectives – assurance of the good status of the agricultural environment and landscapes, improving the competitiveness of enterprises, diversification of rural enterprise, and development of local initiative;
- Receipt of support is a privilege based on voluntariness – initiative needs to be shown;
- Applications for support and other documents accompanying the application must be prepared as required;

- Certain obligations accompany the receipt of support, e.g. application of certain procurement procedures, ability to provide the relevant self-financing, reporting, conformity to information requirements, etc.
- All the ERDP projects must create persistent new value added beside their direct results.

The public must be informed about the objectives and importance of support payments for rural life and agriculture. At the end of the programming period, the changes and attainments resulting from the EAFRD support payments must be brought out.

In the information activity on the EAFRD, sufficient and comprehensible information about the content and objectives of the ERDP measures, financing possibilities and terms, application process and procedure, the obligations accompanying financing and about the EU contribution to the implementation of projects must be provided to the applicants and recipients.

Applicants must have access to the auxiliary materials and instructions for the preparation of application forms, projects and the necessary documentation, for the implementation and management of projects and for the preparation of reports.

Auxiliary and supporting materials to help in applying or to give an overview of different support possibilities should be prepared for supporting structures. Dissemination of the best positive experience and indication of most frequent mistakes should be emphasized.

Press is an efficient means to reach the public – the information directed at journalists is mainly explanatory, clarifying general objectives and principles and going into more detail, if necessary.

13.2 ACTION PLAN FOR INFORMATION AND DISCLOSURE ACTIVITIES

Web site

The ERDP/EAFRD website address is www.agri.ee/mak. This website includes current news, press releases, necessary legal acts and contact data, deadlines for the submission of applications, information about seminars and information days, relevant statistics, programme progress overview, etc.

This website is primarily intended for potential applicants, but it also has to provide the public with an overview of the EAFRD support measures and their objectives. The website includes all the necessary information about the possibilities of applying for a support and about the general procedure of applying. Additionally, an overview of the procedure for the assessment of applications and for the development of measures is provided.

There is a separate section on the website for information about the recipients of support. The information to be disclosed includes the applicant's name, county of origin, eligible expenses/investments and the amount of support payments. It is also possible to publish examples of successful projects on this website.

The website is also an important feedback channel. It is made easy for the users to put questions and to raise problems for the officials of the Management Authority or the Paying Agency to reply to.

A newsletter mailing list is available through the website. This mailing list ensures that fresh news and notices reach all subscribers. The website is regularly updated, to ensure the actuality of the information presented there.

The maintenance and establishment of the website is a responsibility of the Ministry of Agriculture. The Paying Agency is responsible for the actuality, precision and relevance of its information on the website.

Information activities through media

The Management Authority and the Paying Agency are responsible for ensuring that the information related to the ERDP support measures gets sufficient media coverage (printed media, electronic media). It is very important to co-operate with the county newspapers and specialty publications. If necessary, the Management Authority also prepares separate information sheets to be distributed through both printed media and electronic media.

Both the Management Authority and the Paying Agency are responsible for timely, precise and adequate replies to any information demands from media.

Printed materials, information materials

Both the Management Authority and the Paying Agency are issuing printed materials and other information materials providing the potential applicants with the necessary information for applying for a support measure and for preparing the application documents.

Near the end of the programme, information materials will be issued for introducing the implemented projects. Printed materials and other information materials contain information about support measures, requirements for applicants, criteria, the procurement and application procedures, application forms, etc. Printed materials will also be available in electronic form.

Annual reports

Annually in the II quarter, the Ministry of Agriculture issues a monitoring report of the previous budget year, detailing the relevant financial indicators and results. The ERDP progress and the information activities related to it are also reflected in the annual report of the Ministry of Agriculture.

Seminars and informative events

Both the Management Authority and the Paying Agency are conducting seminars and informative events for providing necessary information to the relevant target groups. In case of the informative events and trainings for potential applicants and for consultants and advisers, primarily specific information about support measures and applying procedures is provided.

Co-operation

In the course of developing the requirements for support measures, public consultations with social partners are held and the proposals made in the course of those public consultations are published on the ERDP/EAFRD website.

Logo of the support for agriculture and rural life

In the course of the preparation of the programme, the logo of the EAFRD support measures was developed and also the manual for using it (style book) was prepared. Upon preparing the style book, Commission Regulation (EC) No 1974/2006 was taken as a basis. Information about the logo and its use is available on the ERDP website.

The disclosure and information requirements, obligatory for the recipients of support, will be provided in a relevant regulation of the minister of agriculture, prepared according to the requirements provided in Commission Regulation (EC) No 1974/2006.

Implementation

The duties related to the information activities at the Ministry of Agriculture are divided between the Public Relations Department, the Rural Development Department and the Research and Development Department.

Daily communication activities and media relations are the responsibility of the Public Relations Department. It is also the responsibility of the Public Relations Department to give an overview on information activities in the Monitoring Committee and to improve and update the ERDP/EAFRD web site.

The responsibility of the Rural Development Department is the co-operation with social partners in the development of support measures and information activities in the form of seminars and information events.

The Research and Development Department is responsible for the information activities related to nationwide information days and to consultants, advisers and county advisory and information centres.

Additionally, the Paying Agency is responsible for information activities within the limits of its duties.

Reporting and assessment

Organisation of the preparation and assessment of information reports is the responsibility of the Public Relations Department of the Ministry of Agriculture. Once a year, a report dealing with the main conducted information activities is prepared for presentation to the Monitoring Committee. The main information activities are also reflected in the ERDP annual report.

The following measures/criteria are used for assessing information activities:

- media monitoring: monitoring the media coverage of the ERDP topics and important events, by the institutions related to the ERDP implementation;
- website: analysis of visiting and content of the website;
- information events: the number of participants in the conducted seminars and the analysis of the feedback received;
- printed materials: the analysis of the developed printed materials and of the feedback received;
- increase in the awareness of beneficiaries: analysis of the volume and quality of applications for support;
- analysis of the feedback received by the Ministry of Agriculture through the county advisory and information centres;
- public opinion polls;
- attainment of the objectives purposed for the implementation of support measures;

14. CONSULTATION PROCESS

14.1 PARTNERS

To identify the interests of the society, the Ministry of Agriculture consulted with the Agriculture and Rural Development Council (the ARDC), which was established by the minister of agriculture and of which the members are representatives of government authorities, of agricultural producers, and of other organisations related to rural life. The Ministry of Agriculture also consulted with the Steering Committee established for the preparation of the ERDP 2007–2013. The following authorities and organisations are

represented in the ARDC and in the Steering Committee for the ERDP preparation on the level of managers and representatives:

- Estonian Farmers' Federation;
- Estonian Private Forest Union;
- Agricultural Registers and Information Board;
- Ministry of the Environment;
- NPO Estonian Rural Tourism;
- Estonian Chamber of Agriculture and Commerce;
- Estonian Horticultural Association;
- Estonian Council of Environmental NGOs;
- Central Union of Estonian Farmers;
- Ministry of Finance;
- Estonian Organic Farming Union;
- Estonian Village Movement Kodukant;
- NPO Young Estonian Farmers;
- Estonian Technical Crops Processing Park Foundation;
- Ministry of Economic Affairs and Communications;
- Estonian University of Life Sciences;
- Ministry of Internal Affairs;
- NPO ETNA Estonia;
- NPO Estonian Association of SMEs.

At the joint meetings of the ARDC and the Steering Committee for the preparation of the ERDP 2007–2013, the current situation of agriculture was analysed and proposals were made for shaping the rural development strategy and the rural development plan. The ARDC and the Steering Committee for the preparation of the ERDP 2007–2013 approved the common vision for rural development in 2007–2013 and co-ordinated the ERDP measures proceeding from the rural development strategy. At the same joint meetings, the officials of the Ministry of Agriculture gave overviews of the works conducted and also of the comments made by the European Commission about the rural development strategy and the ERDP measures. Parallel to the joint meetings of the ARDC and the Steering Committee for the preparation of the ERDP 2007–2013, regular meetings of the working groups established for the priority axes provided in Title IV of Council Regulation (EC) No 1698/2005 were conducted, involving different rural organisations and interest groups and also the experts of the field. Proceeding from the ERDP strategic aims co-ordinated with the ARDC, those working groups prepared support measure drafts, which were forwarded to the members of the ARDC for comments and proposals. Also, information was published in various publications directed at the relevant sector, and on the website of the Ministry of Agriculture where everybody had access to the materials and was able to deliver opinions.

In addition to the agricultural producers having participated in consultations, the following environmental organisations related to the development of agri-environmental support measure expressed their special interest:

- Centre of Ecological Technologies;
- Organic Farming Co-operation Organisation;
- Estonian SeminatURAL Community Conservation Association.

14.2 RESULTS OF CONSULTATION

Consultations with social partners

The following is the list of selected proposals concerning the ERDP and made by social partners, together with remarks about their acceptance or rejection.

Axis I – Improving the competitiveness of the agricultural and forestry sector Training and information activities

Estonian Dairy Association; 31.8.2006, by e-mail (1)*.

“I cannot agree to limit the users of the training support measure to micro-enterprises only. This should include all SMEs. The more so as the Enterprise Estonia has refused to finance the training which is related to production technology. Only general, mainly management and business-related training is supported. The fast development of food industry demands continual in-service training of employees and in this respect, state aid would very much be needed.

Additionally, I would suggest to also cover the micro-enterprises of food industry with advisory support.”

The reply of the Ministry of Agriculture: “We certainly agree with the idea that it is important and necessary to support the in-service training of the employees of agricultural produce processing industry. Thus, this proposal could be considered seriously. At the same time, the volume of the support funds appropriated for this measure has to be considered.

Due to the limited volume of the funds of the measure, we suggest to limit the size of the target group in case of the training of the employees of agricultural produce processing industry and forestry enterprises, e.g. cover only micro-enterprises? And if after 2007 it will turn out that the support funds are used less extensively, then cancel the limitation again?

Cannot be accepted, as Council Regulation (EC) No 1698/2005 provides support for the use of advisory services for agricultural producers and forest possessors only. It is possible to support the advisory service purchased by such an agricultural producer who is also active in handling of food.”

Association of Estonian Food Industry, 28.8.2006, No 108; Reg. No. 6.1-2/7187 (1).

“Under “Supported activities and their short descriptions” (point 4) it is provided that travel expenses of lecturers and participants to the location of training and to their usual place of service within the boundaries of Estonia are covered but study trips and field training are not eligible. The Association of Estonian Food Industry conducted a survey among our members and reached a conclusion that in Estonia there is high demand for specialised training, of which the organisation is not always possible in Estonia. Thus, we propose to support also training abroad and study trips.”

The reply of the Ministry of Agriculture: “Training abroad is supported.”

Agricultural producer. Observations concerning the measures, 31.7.2006, by e-mail (4)*.

“Establishment of energy shrubs as any other new activity requires knowledge and teaching materials in Estonian.”

The reply of the Ministry of Agriculture: “Under the support for training and information activities it is possible to support the organisation of relevant information days and the publishing of teaching materials. The “Development plan for promoting the usage of biomass and bioenergy” includes information activities.”

Estonian Seed Association, by e-mail, 8.9.2006 (4).

“In case of training and information activities, the applicants are agricultural producers. I

propose adding the associations of producers (NPOs, associations, unions, etc.).”
The reply of the Ministry of Agriculture: “Added.”

Support for setting up of young agricultural producers

Consultant, by e-mail, 25.8.2006 (4).

“The requirement of 18 months may become a problem. Processing of an application takes a minimum of 4 months. As it is provided that it is possible to receive support no later than 18 months after registration as an entrepreneur, the processing speed of the ARIB may become a fatal factor here. At the same time, it is very difficult for a young entrepreneur to purchase animals for its enterprise in less than a year (with the milk quota), and a cowshed. If one of the objectives of this measure is handing over the enterprise from father to son, then according to our tax law the son has to buy everything and the father has to sell everything. This is complicated in such a short time. Besides, there are usually no resources for that.”

The reply of the Ministry of Agriculture: “The requirement that a young agricultural producer is eligible for support no later than within 18 months after registration as a manager of an agricultural unit, is provided in the implementing regulation of Council Regulation (EC) No 1698/2005 (Article 13).”

Consultant, by e-mail, 25.8.2006 (4).

“In minimum requirements for an applicant it is provided that the economic activities of the applicant must meet the environmental, hygiene and animal protection standards. Extension of the term for the attainment of full conformity to the above mentioned standards and to the standards for skills and competence must not exceed 60 months from the beginning of activities. The requirement to meet the standards for skills and competence during 60 months raises questions. Does the applicant have to graduate a school or pass a professional examination of some kind?”

The reply of the Ministry of Agriculture: “Council Regulation (EC) No 1698/2005 (Article 22) and its implementing regulation (Article 13) provide the eligibility requirements for a young agricultural producer, regarding this support measure. Among others, the professional experience and the specialty learned are provided there. As an exception, agricultural producers still studying the profession at the relevant school are also allowed to apply for the support for setting up of young agricultural producers. In this case, the applicant must graduate within 36 months (not 60 months, as you said by mistake), i.e. the applicant must meet all the requirements no later than in 36 months.”

Support for advisory system and services

ETNA Estonia; proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No. 6.1-2/6493 (4).

“The enterprises starting organic production or processing should be granted 100% support for additional advisory service:

8 hours of advice before approval, so that the beginners could be able to make a conscious decision about the transition to organic farming (group advice);

8 hours of advice after approval, in order to focus on producer-specific questions about organic farming risk management (individual advice). Other organic producers and processors should be granted partial support (75%) for advisory service. The recoverable amount should not be included in the maximum amount of compensation for advice.”

The reply of the Ministry of Agriculture: “Unfortunately, according to Council Regulation (EC) No 1698/2005 it is not possible to support advisory service (incl. in the field of organic farming) with a higher rate than 80%. Specific training is provided for the entrepreneurs starting organic farming. The producers already active in this field can get support for producer-specific advice with a higher rate (80%). At the same time, the proposal about not

including the compensation for organic farming advice in the maximum support payment amount provided in Council Regulation (EC) No 1698/2005 (1500 EUR per producer) cannot be accepted. In case of agri-environmental support, incl. the support for organic production, the support rate includes the obligatory training.”

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“Some measures should enable to develop demonstration farms, field training bases and other study places.”

The reply of the Ministry of Agriculture: “Infrastructure development is supported from the ERDF through the “Education, research and development, and health and welfare infrastructure development operational programme” and also from the EU research programmes (incl. agricultural and forestry education, agricultural schools, field training bases). The ERDP is primarily concentrating on advisory systems and training in this field”

Estonian Organic Farming Foundation; proposals about the ERDP 2007–2013, 7.7.2006 (3)*.

“The enterprises starting organic production or processing should be granted 100% support for advisory services in certain cases.”

The reply of the Ministry of Agriculture: “Unfortunately, according to Council Regulation (EC) No 1698/2005 it is not possible to support advisory service (incl. in the field of organic farming) with a higher rate than 80%. For the entrepreneurs starting organic farming, a specific obligatory training, supported with the rate of 100%, is provided.”

Modernisation of agricultural producers

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“In case of maximum support rates, the possibility to add organic farming with the support rate of up to 50% to Natura and the young people should be considered.”

The reply of the Ministry of Agriculture: “The maximum permitted amounts of support for investments into agricultural production are provided in the Annex of Council Regulation (EC) No 1698/2005. There are no exceptions there for organic enterprises, i.e. the same requirements are valid for them as are valid for all other agricultural producers, i.e. the base rate of up to 40%. The agricultural producers active in less-favoured area or young agricultural producers have the opportunity to get additional investment support of 10%.”

Pärnumaa Advisory Centre, by e-mail, 25.8.2006 (4).

“The definition of micro-enterprises should consider Estonian circumstances. 10 employees is quite normal but 31 million of return on sales is abnormally big. Proposal. Leave the number of employees as such and reduce the return on sales to 5 million a year. An exception could be made for horticultural producers, considering their bigger need for hand operation.”

The reply of the Ministry of Agriculture: “In the micro agricultural producers investment support measure sheet we have defined eligible producers under this measure. We intend to provide preferences to smaller agricultural producers with evaluation criteria.”

Estonian Rural Tourism, proposals to the ERDP, by e-mail, 15.9.2006 (4).
Recipient’s maximum net turnover – 3 million EEK.

The reply of the Ministry of Agriculture: “In the micro agricultural producers investment

support measure sheet we have defined eligible producers under this measure. We intend to provide preferences to smaller agricultural producers with evaluation criteria.”

Letter of the Estonian Chamber of Agriculture and Commerce (ECAC), 23.8.2006, No 1-3/165; proposals of the Council of the Chamber about the ERDP measures, and a letter of AS Tartu Agro, 22.8.2006, No 1/748; Agricultural producer, Reg, No. 9.4-2/7083 (1).

“Axis I (competitiveness) – associations with the possibility of the necessary economic indicators being ensured by their members should be included in the circle of applicants.”

The reply of the Ministry of Agriculture: “This proposal has been taken into account in the submeasure of the support for investments into the development of micro agricultural producers. The associated forms of enterprise are also supported by the submeasure of long-term investments of agricultural producers.”

Letter of the ECAC, 23.8.2006, No 1-3/165; proposals of the ECAC Council about the ERDP measures, and AS Tartu Agro, 22.8.2006, No 1/748; Agricultural producer, Reg, No. 9.4-2/7083 (1).

“Preservation of employment should not be a criterion for the evaluation of the improvement of competitiveness in agriculture.”

The reply of the Ministry of Agriculture: “It is not planned to set the preservation of employment as a criterion for eligibility to receive agricultural production investment support, but as one evaluation criterion among several other evaluation criteria we have planned to give an advantage to such agricultural producers who do not reduce the number of employees in their economic units as a whole, i.e. if an investment makes some stage of production significantly more efficient and therefore less employees are needed in this particular stage of production, the enterprises finding new jobs for their released employees somewhere in their own economic unit are preferred.”

Modernisation of agricultural producers

Submeasure 1 – Investments into the development of micro agricultural producers

ETNA Estonia; proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No. 6.1-2/6493 (4).

“Instead of the term “smaller agricultural producers”, specific terms “micro”, “small” or “medium-sized” should be used, in order to ensure that the support funds are indeed going to where they are planned to be going, for example into a micro enterprise. Smaller enterprises can even have about 250 employees.”

The reply of the Ministry of Agriculture: “In the measure sheet of the support for investments into the development of micro agricultural producers, we have defined in detail, who will be eligible for this support measure.”

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“We are considering it very important to promote organic processing through the requirements for investment support (less limitations, 10% higher support rate).”

The reply of the Ministry of Agriculture: “Point 4 of the measure “Adding value to agricultural and forestry products” allows investments for bringing into conformity with organic processing requirements (acquisition of new equipment, renovation of warehouse and production buildings in food industry). The extended objective of this support measure is to place more organic products on the market. To attain this objective, the requirement for marketing in addition to processing has been added to the list of target group requirements.

It is not possible to support organic producers under this support measure, only processors and distributors (Article 28 of Council Regulation (EC) No 1698/2005) are eligible for this

support. Organic producers can apply for support for investments into the development of micro agricultural producers, through which it is also possible to apply for support for processing self-produced products. The maximum permitted levels of agricultural production investment support are provided in the Annex of Council Regulation (EC) No 1698/2005. The Regulation does not allow any exceptions for organic enterprises, i.e. the same requirements are valid for them as are valid for all other agricultural producers, i.e. the base rate is up to 40%. The agricultural producers active in a less-favoured area or young agricultural producers may get additional investment support of 10%.”

ECAC; proposals about the ARDC presentation of 20.7.2006, 21.8.2006, by e-mail (1).

“This presentation did not mention investments into agricultural machinery. Will this be omitted entirely?”

The reply of the Ministry of Agriculture: “Investments into agricultural machinery are supported under the support for investments into the development of micro agricultural producers, i.e. only micro agricultural producers are eligible for this support measure.”

Estonian Organic Farming Foundation, proposals about the ERDP 2007–2013, 7.7.2006 (3).

“The support should definitely cover also the micro-enterprises starting organic farming, not only the enterprises already active in the field.”

The reply of the Ministry of Agriculture: “Through the support for the investments into the development of micro agricultural producers, we have planned to enable agricultural producers to construct and purchase the buildings, machinery and equipment necessary for processing self-produced products. This support may be applied for even if the agricultural producer is only starting to process self-produced products.

Presently, there is a requirement in the agricultural produce processing investment support measure stating that the applying enterprise must have been active for at least 1 year. Thus, starting enterprises are not eligible for this support. At the same time, the enterprises which have been active for at least 1 year in raw material processing and now want to move to organic produce processing, are eligible for this support.”

Estonian Horticultural Association; standpoints and proposals about the ERDP 2000 –2013 measures; 18.9.2006, by e-mail (1).

“Investments of micro agricultural producers – beekeeping should also be supported.”

The reply of the Ministry of Agriculture: “Beehives and beekeeping equipment have been added to the list of investment objects for micro agricultural producers.”

Modernisation of agricultural producers

Submeasure 2 – Long-term investments of agricultural producers

ETNA Estonia, proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No. 6.1-2/6493 (4).

“Under the reconstruction of buildings, primarily the reconstruction of tethering sheds into free-range sheds meeting the standards of organic farming should be supported. This is one of the biggest problems of organic stock farmers, as the derogation provided in Council Regulation (EEC) No 2092/91 on the allowance of tethering in the sheds built before 24.8.2000, will end on 31 December 2010.”

The reply of the Ministry of Agriculture: “Organic stock farmers have the same possibilities to apply for support for long-term investments as do the regular stock farmers. It is not entirely right to prefer organic producers and to support others only if there are funds left. As for some requirements, the transition periods, provided for regular stock farmers, will also end.”

ETNA Estonia, proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No. 6.1-2/6493 (4).

“Investments into the equipment and facilities needed for organic seed growing, should be support separately, in order to diminish the present shortage of seeds grown according to the requirements of organic farming.”

The reply of the Ministry of Agriculture: “Through the support for investments into the development of micro agricultural producers, we have planned to add the equipment and facilities needed for seed growing into the list of supported investment objects. Additionally, the question of supporting organic seed growing has been discussed within the framework of agri-environmental support measure (organic production).

Letter of the ECAC, 23.8.2006, No 1-3/165, proposals of the Board of the ECAC about the ERDP measures, and AS Tartu Agro, 22.8.2006, No 1/748; Agricultural producer, Reg. No 9.4-2/7083 (1).

“In case of long-term investments, possibilities to support poultry and horse farms should be looked for.”

The reply of the Ministry of Agriculture: “We have planned to support poultry and horse farms under a submeasure.”

Estonian Horticultural Association, standpoints and proposals about the ERDP 2007–2013 measures, 18.9.2006, by e-mail (1);

“Long-term investments – supported investments should include the implementation of modern horticultural technologies and the construction and reconstruction of packing departments, storage facilities and greenhouses.”

The reply of the Ministry of Agriculture: “It is very difficult to connect an animal place specific support payment with the construction of, for example, a packing department or a greenhouse. The expansion of the list of investment objects beyond livestock farming would mean the amendment of the whole planned support scheme.”

Modernisation of agricultural producers

Submeasure 3 – Investments into the production of bioenergy

Estonian Private Forest Union, 18.9.2006, by e-mail (2)*.

“Change – applicants, supplement as follows – forest managers, if they prove the use of local agricultural raw materials. Justification – regions differ by their forest area, there may be no agricultural producers in small islands, etc.”

The reply of the Ministry of Agriculture: “Cannot be accepted, as Article 26 of Council Regulation (EC) No 1686/2005 provides that this support is granted for agricultural producers only.”

Adding value to agricultural and non-wood forestry products

Estonian Organic Farming Foundation, proposals about the ERDP 2007–2013, 7.7.2006 (3).

“The enterprises starting organic processing should definitely be eligible.”

The reply of the Ministry of Agriculture: “The support for investments into the development of micro agricultural producers may be applied for even if the agricultural producer is only starting the processing of self-produced products.

In the agricultural produce processing investment support measure, there is a requirement stating that the applying enterprise must have been active for at least 1 year. Thus, starting

enterprises are not eligible for this support. At the same time, the enterprises which have been active for at least 1 year in raw material processing and now want to move to organic produce processing are eligible for this support.”
Estonian Farmers Federation, 30.8.2006, by e-mail (1).

“Therefore, associated processing industry and the enterprises owned by producers should be defined as the eligible target group, because this way the created value added flows back to the producer.”

The reply of the Ministry of Agriculture: “The objective of the measure is to increase the value added of products, and this can happen only through processing the initial raw material as much as possible, as every stage of processing creates additional value for the product. Thus, all those stages are eligible for the support – it is not mentioned anywhere that only the value added created by associations or enterprises owned by producers are eligible for this support.

The final objective of all this activity is a product with the maximum possible value added, enabling to ask for a higher price on the market, and thus enabling the end distributor of the product to pay a higher price for the product bought in to the enterprises located afore in production chain, by which all the participants in production chain and also the producer of the initial raw material will gain benefit. The functioning of this process can be observed in Estonia, too, when looking at the price statistics of agricultural raw materials.”

Development of new products, processes and technologies in the sectors of agriculture, food and forestry

Association of Estonian Food Industry, proposals about the ERDP 2007–2013, by e-mail, 18.9.2006 (1).

“Point 4 of the measure sheet – we would like to know if training (e.g. for the employees of an enterprise) is included in the list of eligible activities.”

The reply of the Ministry of Agriculture: “Training of the employees of an enterprise is not planned under the activities of this support measure. Support for the training of the employees of food industry enterprises is planned under the measure “Vocational training and information activities for the persons employed in agricultural, food or forestry sectors, including dissemination of scientific knowledge and innovative practices”.”

Estonian Dairy Association, proposals about the measure, by e-mail, 16.8.2006 (1).

“Objectives – Overall objective: to improve the competitiveness of agricultural, food and forestry sectors through the promotion of co-operation between the raw material producers of the agricultural and forestry sector, processing industry, and/or third parties.

Is this objective intended to cover all of the measure? If so, the objective should include something from every submeasure, i.e. the overall objective could be the improvement of the quality of the product and the promotion of innovative activities, etc. The promotion of co-operation is only one part of this measure. In specific objectives it could be specified further, then. The promotion of co-operation would be one specific measure.”

The reply of the Ministry of Agriculture: “All the activities of this measure are directed at the improvement of the competitiveness of the sector as an overall objective and include co-operation as a key feature. The promotion of co-operation is not an objective *per se*; it is a prerequisite for the attainment of objectives. All the expected results of subactivities which should bring about the improvement of competitiveness of the sector are listed under specific goals.”

Estonian Dairy Association, proposals about the measure, by e-mail, 16.8.2006 (1).

“Expert committees (assessment committees) will be established for the assessment of

applications. The assessment committee will base its assessment on the following criteria:

...

4) the number of beneficiaries (but as a rule, the applicant is a single enterprise, incurring also expenses. How is it possible to distribute the results between others, that is – who is the owner of intellectual property?).”

The reply of the Ministry of Agriculture: “The applicant is a single enterprise, but it can represent a group of enterprises. The distribution of support payments between the members of this group and the solution of the arising issue of intellectual property ownership is in the competence of this group of enterprises.”

Jõgeva Plant Breeding Institute. Measure “Food quality schemes – information and promotion activities”, by e-mail, 14.8.2006 (4).

“If the application should list the impacts on the society and on the environment, then they should/could also be included in evaluation criteria.”

The reply of the Ministry of Agriculture: “We shall accept your proposal and supplement the subpoint “The most important evaluation criteria of applications for project financing” of point 8 of the measure sheet “Application assessment procedure” as follows:

2) Impact of the results of the project on the environment and on the society;”

Infrastructure of agriculture and forest management

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“It would be reasonable not to regard membership in a land improvement association as obligatory (by refund rate) in case the entrepreneur has e.g. 3 or more land properties connected by one and the same ditch drainage or land improvement system.”

The reply of the Ministry of Agriculture: “Land improvement activities are primarily focused on using the existing drained land for the designated purpose.

As land improvement systems are large and their borders are often inconsistent with the borders of real estate plots, the maintenance and reconstruction of those systems is possible jointly or through land improvement associations according to the Land Improvement Act. Although it is not easy to establish land improvement associations or achieve common decisions within them, integrated maintenance of land improvement systems is reasonable primarily through land improvement associations.”

Axis II – Improving the environment and the countryside

Agri-environmental support

Submeasure 1 – Environmentally friendly management

Board of the ECAC; Suggestions about the ARDC presentation of 20.7.2006, 21.8.2006, the same proposal made also by the letter of the Council of the ECAC on 23.8.2006, No 1-3/165, AS Tartu Agro on 22.8.2006, No 1/748; Agricultural producer, Reg. No. 9.4-2/7083, Estonian Seed Association, by e-mail, 8.9.2006 (1).

“The objective of the support for environmentally friendly management should be to motivate agricultural producers to reduce the load on the environment, to compensate for their loss of income due to the reduction of production intensity, and to ensure the continuation of agricultural production as an environment-sparing activity (at least it is so in other EU Member States). The logic behind the following restrictions is incomprehensible:

a. Prohibition of the use of plant growth regulators. Are plant growth regulators dangerous to the environment or significantly more polluting than other chemicals? With this restriction, we shall preclude the growing of a generally environmentally friendly cereal – rye – in an enterprise which is supposed to be environmentally friendly, as it is

economically unsound to grow rye without the use of a growth regulator.”

The reply of the Ministry of Agriculture: “We agree with this standpoint. The objective of the support for environmentally friendly management is to promote environmentally friendly agricultural production and to improve the environmental awareness of agricultural producers.”

ECAC; proposals about the ARDC presentation of 20.7.2006, 21.8.2006, the same proposal made also by the letter of the Board of the ECAC on 23.8.2006, No 1-3/165, AS Tartu Agro on 22.8.2006, No 1/748; Agricultural producer, Reg. No 9.4-2/7083, Estonian Seed Association, by e-mail, 8.9.2006 (1).

“The logic behind the following restrictions is incomprehensible:

b. Prohibition of the use of glyphosates in the period before harvesting. Before harvesting, it is possible to use lower volumes of the product for twitch control than in other times, so this should rather be environmentally sustainable? Or would we be more environmentally friendly, harvesting the grain which is mixed with twitch, becomes more moist in the harvester and requires more fuel to be dried?”

The reply of the Ministry of Agriculture: “We agree with this standpoint. The objective of the support for environmentally friendly management is to promote environmentally friendly agricultural production and to improve the environmental awareness of agricultural producers.”

ECAC; proposals about the ARDC presentation of 20.7.2006, 21.8.2006, the same proposal made also by the letter of the Board of the ECAC on 23.8.2006, No 1-3/165, AS Tartu Agro on 22.8.2006, No 1/748; Agricultural producer, Reg. No 9.4-2/7083, Estonian Seed Association, by e-mail, 8.9.2006 (1).

“The logic behind the following restrictions is incomprehensible:

c. The obligation to leave at least a 2 m zone of perennial plants on field edges. What shall we achieve by this? It will be a favourable growing area for plant pests, weeds and plant diseases. The farmer can naturally burn a lot of fuel to mow such zones, in order to avoid the spread of weed seed, weed roots and other kinds of pests will spread anyway. What if the use of plant protection sprayers will drive weeds away from those zones, too? And how will those zones be reflected upon applying for support: is this cultivated land or grassland and permanent grassland after 5 years? If the support payments are calculated on the basis of the size of cultivated field (and this would probably be precluded by some relevant EU regulation), then probably somewhat wider zone will be used, i.e. 20 m or 200 m (depending on the size of the field). By declaring this as grassland, confusion is created and it would be impossible to even map this “field”. In addition to that, the areas entered in registers will also change.”

The reply of the Ministry of Agriculture: “We agree with this proposal and shall focus the implementation of the support for environmentally friendly management on preserving the existing landscape elements.”

Submeasure 3 – Organic production

ETNA Estonia, proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No 6.1-2/6493 (4).

“The target group of the support should be extended. Instead of self-employed persons and companies, the target group should include natural and legal persons active in agriculture, in order to preserve the necessary legal certainty and to provide all persons with equal opportunities. The register of organic farming includes more than 400 natural persons only registered in Tax Board, which is one third of organic producers.”

The reply of the Ministry of Agriculture: “Self-employed persons and legal persons are the recipients of the support for organic production as the objective of the support is to promote organic production and to contribute to placing more organic products on the market.”

ETNA Estonia, proposals about the ARDC presentation of 20.7.2006, 26.7.2006, Reg. No 6.1-2/6493 (4).

“The requirement that in the fourth year of the 5-year commitment the requirements for

organic production must be followed on the agricultural land of the whole enterprise, should not be applied as this can make the entrepreneur establish another traditional enterprise beside the organic enterprise, which cannot be controlled in the course of the inspection of organic production. Similar organic and traditional production side by side causes the risk of their mixing and the decrease in consumers' trust."

The reply of the Ministry of Agriculture: "The idea of the support for organic production is to increase the volume of organic products for placing them on the market. Therefore, it is necessary for the entrepreneur active in organic farming and applying for the support for organic production to ensure organic management on the whole land of the enterprise. This would improve the entrepreneur's trustworthiness among processors and consumers and after the transition period he would be able to get profit without any support and create more value added in comparison with a traditional enterprise."

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

"Organic production.

1. The obligatory stocking rate may only be raised after the end of the 1st commitment period, otherwise, the contracts will be changed, which will cause numerous challenges."

The reply of the Ministry of Agriculture: "The requirements in force since 2007 must be followed by entrepreneurs with whom new contracts will be concluded. The commitments already taken will be in force until their termination according to the concluded contract."

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

"Obligatory training is not reasonable for approved enterprises but for beginners in transition. (They will study more themselves than by training.)"

The reply of the Ministry of Agriculture: "We cannot agree with the statement that training is not necessary. The objective of the support for organic production is to promote the introduction of environmentally friendly production practices and to increase the share of organic production by that. The objective is to support entrepreneurs until they have passed the transition period and get more profit for their products than traditional producers."

Estonian Organic Farming Foundation, proposals about the ERDP 2007–2013, 7.7.2006 (3).

"The enterprises starting organic processing should also be eligible.

In addition to self-employed persons and companies, other legal persons active in agriculture should also be eligible. The limitation of the target group is not justified."

The reply of the Ministry of Agriculture: "Both self-employed persons and legal persons may apply for the support for organic production. The objective of the support is to increase entrepreneurs' interest in organic management and the volume of organic products to be placed on the market."

Submeasure 5 – Keeping animals of endangered breeds

Estonian Poultry Society, 5.9.2006, Reg. No 9.2-2-4/7404.

The same proposal about supporting quail farming from the Tartu Farmers' Union, Reg. No 9.2-2.4/7334, 8.9.2006 (1).

"According to the new ERDP 2007–2013, raising of animals of endangered breeds (Estonian native cattle, Estonian native horse, Tori horse and Estonian heavy draught) would be supported from the funds of Axis 2 (landscape and environment). I suggest to also apply this support measure to the farmers growing Estonian quails, which is also an endangered breed. The amount of support could be 10 EEK per one quail."

The reply of the Ministry of Agriculture: "As support for breeding is continued, it is not reasonable to pay additional support under the ERDP."

Submeasure 6 – Growing plants of a local variety

Jõgeva Plant Breeding Institute, 18.9.2006, Reg. No 9.4-2/8057 (4).

"We propose to include in the list of varieties eligible under the support for growing plants

of a local variety of the ERDP 2007–2013 the following plant varieties: winter rye “Sangaste”, meadow foxtail “Haljas”, awnless brome grass “Lehis” and reed canary grass “Pedja”. Please, consider the big cultural and historical importance of those varieties and their role in the improvement of biological diversity.”

The reply of the Ministry of Agriculture: “We agree in principle but the issue should be thoroughly analysed before the development of a support scheme.”

Support for non-productive investments

Submeasure 1 – Establishment and restoration of stonewalls

Estonian Chamber of Environmental Associations, 29.8.2006 and 4.9.2006, Reg. No 6.1-2/7388 (3).

“Support for the establishment and restoration of stonewalls

- a) Supported activities. Establishment of stonewalls. A requirement on the prohibition of taking stones from the existing stone walls and bigger heaps of stones near the new wall should be provided. Otherwise, the activity will get into conflict with the objective of the measure to improve biological diversity as we just move one habitat to another place and we can talk about traditional construction here, which could be supported by the Ministry of Culture through the National Heritage Board instead.
- b) Restoration of stonewalls. A requirement on the preservation (every 20 m) of some trees (e.g. at least 5 m high) in the stone wall to be restored or in its vicinity (e.g. up to 1,5 m) should be provided.”

The reply of the Ministry of Agriculture: “The ERDP provides a general overview and a short description of the supported activities. In addition, the National Heritage Board monitors the course of work.”

Submeasure 2 – Liming of agricultural land

Tartu Farmers’ Union, 26.9.2006, Reg. No 6.1-2/8501 (1).

“In granting support for liming, pH-level should be increased from 5,5 to 5,8 as it is not possible to grow plants in a field with the pH-level of 5,5.”

The reply of the Ministry of Agriculture: “According to the pHKCL values, soil reaction is classified as follows:

- very strongly acid, pH is lower than 4,0;
- strongly acid, pH is 4,1–4,5;
- fairly acid, pH is 4,6–5,0;
- moderately a cid, pH is 5,1–5,5;
- slightly acid, pH is 5,6–6,0;
- neutral, pH is over 6,0.

In general, the soils with the pH of 5,5 or lower would need liming. In case pH is lower than 5,5, the utilization of soil nutrients will decrease. Slightly acid soil is generally favourable for plant growth. Therefore, we have to concentrate on the elimination of excess acidity of strongly and fairly acid soils. From the pH-level of 5,5, it is reasonable to apply support,”

Demolition of agricultural production buildings left out of use

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“In our conditions, stone walls, protective belts and demolition should be irrelevant and probably not included in support schemes at all. The activities developed in the country will solve those problems. If there is no life at a place, support cannot balance anything.”

The reply of the Ministry of Agriculture: “The objective of the measures of stonewalls and demolition is to improve Estonian scenery. The establishment of stonewalls contributes to the formation of varied landscape. Stonewalls may only be established in their traditional locations. In case of demolition, the objective is to liquidate the agricultural buildings left out of use and spoiling the landscape. Both measures contribute to the improvement of the

status of Estonian landscapes.

Establishment of protection forest

Agricultural producer, proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“In our conditions, stone walls, protective belts and demolition should be irrelevant and probably not included in support schemes at all. The activities developed in the country will solve those problems. If there is no life at a place, support cannot balance anything.”

The reply of the Ministry of Agriculture: “The established protection forests protect water and soil from diffuse pollution, erosion and negative effects of weather and avoid washing away the shores of water bodies. Establishing protection forests, we take the field areas sensitive to the environment from intensive use and surround the nearby water bodies by buffer zones, which reduce the negative effect on water bodies. At the same time, the necessity to establish protection forests at the cost of commercial forests will be reduced.”

Establishment of energy shrubs

Agricultural producer, the observations taken on measures, 31.7.2006, by e-mail (4).

“Is it right to demand that agricultural land has to be in someone’s ownership? Probably, long-term leasing (e.g. 25 years) could also be accepted?”

The reply of the Ministry of Agriculture: “According to Article 43 of Council Regulation (EC) No 1698/2005, the support intended to cover establishment costs will only be granted to the owners of agricultural land.”

Agricultural producer, the observations taken on measures, 31.7.2006, by e-mail (4).

“Support rate. Which costs are eligible? Why should area restrictions be applied to energy crops, while they are not applied to the cultivation of any other arable crops? Is the support intended for a year?”

The reply of the Ministry of Agriculture: “To compensate for the establishment of energy shrubs, area based refund rate is applied. In the calculation of support rate, the costs to prepare the soil and to purchase and plant sets have been considered, The maximum supported area per one applicant during the programming period 2009–2013 is 50 ha. Area restrictions are not applied for the first time. The maximum area which could be applied for by an applicant under the support for afforestation of agricultural land implemented under the ERDP 2004–2006 was 30 ha.”

Estonian Horticultural Association; standpoints and proposals about the ERDP 2000 –2013 measures; 18.9.2006, by e-mail (1).

“Establishment of energy shrubs – should be implemented from 2007. Then we can hope that the first crop will be harvested in 2013.”

The reply of the Ministry of Agriculture: “As the implementation of a new measure requires thorough preparation, the support for the establishment of energy shrubs will be implemented in 2009.”

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

Diversification of the rural economy

Movement of Estonian Villages Kodukant, questions and proposals about the ERDP 2007–2013 measure sheets for axis 3, 17.8.2006 (4).

“The maximum support rate 40%. The micro-entrepreneurs under reorientation are not able to pay themselves 60% of investment cost. We propose to increase the maximum refund rate intended for micro-entrepreneurs to the level of 40–60%. Differentiation would be made on the basis of the list of less-favoured areas or the support for the entrepreneurs active in less-favoured areas would be bigger.”

The reply of the Ministry of Agriculture: “Entrepreneurs’ investment capacity rather

depends on the volume of investment than on the volume of support as the investment has to be made and money has to be paid. At the same time, higher refund rates are justified in remote and less-favoured areas.”

Estonian Seminal Community Conservation Association; Estonian Native Sheep Association.

“Wool mills. The establishment of small wool mills should be included in the measure. Unfortunately, this sector of micro-industry is actually dying out in Estonia.

The quantity of local raw material wool is sufficient but as the possibilities for its primary processing (carding and spinning) are missing, the tradition and skills to grow Estonian wool sheep are dying out. Naturally, the traditional wool providers, native sheep, are also disappearing. This reduces genetic diversity in Estonia. Imported sheep breeds and their crosses can also provide high quality wool and their growers are also much interested in wool processing, which is missing today. Cheap or sometimes even free imported Swedish wool has occupied some old small Estonian wool mills still existing, not to mention some big wool mills. A wool mill equipped with modern equipment will cost about 2 million EEK and require at least 100 m² of working area.”

The reply of the Ministry of Agriculture: “Micro agricultural producers may apply for the support for investments into the development of micro agricultural producers, by which we have also planned an opportunity to apply for the support for processing self-produced products, incl. wool. Micro-entrepreneurs and their associations may apply for support under the planned measure 3.1 “Diversification of the rural economy”. Use of local raw material will give an additional evaluation point.

Under the agricultural produce processing investment measure, investments into the purchase and application of treatments and technologies, of which an objective is the production from agricultural products of innovative non-food products of high sale and export potential, quality and value added, are eligible. Thus, wool mills are eligible under this measure. Though, an applying enterprise must have been active for at least one year before. This means that starting enterprises are not eligible.”

Estonian Rural Tourism, 17.8.2006, by e-mail (4).

“Development and marketing of rural tourism services. Support. Maximum support rate: 40%.

Proposal: 40–60% depending on the location.”

The reply of the Ministry of Agriculture: “Accepted.”

Village renewal and development

Movement of Estonian Villages Kodukant, questions and proposals about the ERDP 2007–2013 measure sheets for axis 3, 17.8.2006 (4).

“Implementation.

In case of the diversification of rural life rural area and in case of village measure the village, town and small town territory has been mentioned as target area. Why? Such a definition of target area also provides the towns around Tallinn, which actually are separate small cities regarding their population, with an opportunity to apply for the support for the development of rural area. We propose to indicate the maximum population of towns, in order to preclude the applications of cities for the construction of village houses, village squares, etc.”

The reply of the Ministry of Agriculture: “Rural area is the territory of a village or a small town. We shall consider the proposals made.”

Axis 4 – Leader

Leader-measure

Movement of Estonian Villages Kodukant, proposals about the ARDC presentation from 20.7.2006, 27.7.2006 (4).

“In case of Leader-programme, the origin of the 10% referred to should be explained.

According to the relevant Council Regulation, Leader is a horizontal programme across three axes and the measures of those axes can be implemented through Leader. As the objectives to be attained by action groups with their strategies will become clear after the completion of action group strategies, the possibility to finance action groups under the three axes should be left open.

Kodukant is of the opinion that LAGs should not be hinted that Leader-resources will mainly come from Axis 3.

We propose to reserve in advance the division of Leader-funds under the axes and make the necessary amendments after the submission of LAG strategies.

Our proposal for the division of funds is as follows: 3% from Axis 1, 3% from Axis 2, 4% from Axis 4.”

The reply of the Ministry of Agriculture: “Under their strategies, LAGs may implement the activities of all three axes. This is a measure of bottom-up approach and it is not reasonable to issue a precept on the priorities of LAG strategies.”

Agricultural producer; proposals about the ARDC presentation of 20.7.2006, 27.7.2006, by e-mail (4).

“It is not easy to attain the minimum size (5000) of the activity area population in sparsely populated areas of Estonia. The limit should be about 3000.”

The reply of the Ministry of Agriculture: “Reasoned differences are allowed (e.g. islands).”

Remarks and proposals of the Estonian Association of SMEs (the EVEA) on Axis 3 measure sheets, 29.9.2006; Movement of Estonian Villages Kodukant; Association of Municipalities of Estonia; representatives of action groups. Proposals about the ERDP 2007–2013 Leader-measure sheet, 25.9.2006 (4).

“We support the proposals made by the Estonian Rural Tourism on Axis 1 and Leader-measure. We regard substantial increase in Leader-measure support amount limits (up to 300 000 EUR per application) as particularly important.”

The reply of the Ministry of Agriculture: “The maximum investment amount has been increased to 200 000 EUR. We presume that the volume of Leader-projects will be smaller.”

* In the table, the main proposals made by agricultural producers have been marked by number 1, by the private forestry sector by number 2 and by environmental organisations by number 3. The proposals of other interested parties have been marked by number 4.

Consultations with other ministries

For making proposals and for approval, the ERDP was presented to other ministries and to the representative organisations of local governments on 21 November 2006. Next, a selection of the proposals made by ministries and the representative organisations of local governments on the ERDP measures with comments on their acceptance or rejection will be given.

Ministry of Finance (letter of 1 December 2006): “According to Article 70 (3b) of Council Regulation (EC) No 1698/2005, the maximum EU contribution to the ERDP Axes II and IV can be 80% of all eligible public costs. In the draft ERDP (Chapter 6.2, p. 138), it has been indicated that the EU contribution to all axes is 75%. As regards the financial management of the state, it is not reasonable, hiding in itself additional commitments compared to the minimum level of commitments necessary for the usage of the ERDF funds in 2007–2013. In case of reasoned circumstances, Estonian state is able to provide additional financing for the ERDP implementation, if necessary, but provisionally Estonian state should not take any additional co-financing commitments on behalf of the EU. Therefore, the ERDP financial plan should be adjusted accordingly – in case of axes II and IV, the EU contribution should be increased to 80% and the planned level of Estonian public sector contribution should be lowered respectively.”

The proposal was accepted.

Ministry of Finance (letter of 22 January 2006): “With several information activities, it would be rational to refer both to the support payments planned under the ERDP and to structural aid measures, in order to give the public or concrete target groups a more thorough overview of the available EU support payments. Thus, we hope that the preparation of the ERDP communication plan and the notification of rural development and agricultural support payments will be effected in close co-operation with the Ministry of Finance and the other authorities responsible for granting and use of structural aid.”

The proposal was accepted.

Ministry of the Environment (letter of 1 December 2006): “We suggest that the following should be added – the afforestation of protective belts on soils exposed to erosion and the afforestation of the areas in the vicinity of water bodies and important for groundwater protection.”

The proposal was rejected. First, a preliminary analysis of the number of such areas should be made.

Ministry of the Interior (letter of 4 December 2006): “Under submeasure 3 “Investments into the production of bioenergy” of measure “Modernisation of agricultural producers”, *inter alia* the equipment for planting, irrigation and cutting of energy forests has been referred to as supported activity on page 66 of the draft development plan. We suggest that support for the purchase of irrigation equipment should be left out as energy shrubs should primarily be grown in areas with favourable natural conditions. The introduction of new technologies should be included in the submeasure analogically to the measure “Improving the economic value of forests and adding value to forestry products”.”

The proposal was accepted.

Ministry of Education and Research (letter of 5 December 2006): “The training and information activities (111) of the development plan are partly overlapping with the activities of the “Operational programme for human resource development” of Priority Axis I – life-long learning. On page 54, trainers who are also the target group of Priority Axis I – life-long learning, have been referred to. Another overlapping with the above mentioned document is indicated under supported activities – development of in-service training system; acquisition and improvement of training materials; e-learning; acquisition of information technology and software for adult education. We draw your attention to the fact that overlapping of the target group creates a situation where it is possible to get double financing for activities from two different EU funds. This is contrary to the principles of the European Commission.”

In principle, the proposal was accepted. The risk of overlapping is considered in the elaboration of the implementing regulation (regarding the supported sectors and criteria for beneficiaries).

Association of Municipalities of Estonia (letter of 29 November 2006): “We suggest that local governments should be added to the beneficiaries of the measures “Infrastructure of

agriculture and forest management” (125), “Diversification of the rural economy” (311, 312, 313) and “Village renewal and development” (321, 322, 323).

The proposal was rejected as the above mentioned measures are directed at entrepreneurs and/or non-profit associations. Several measures of structural funds operational programmes focus on local governments instead.

15. EQUALITY BETWEEN MEN AND WOMEN AND NON-DISCRIMINATION

15.1 EQUALITY

In the process of preparing the development plan, the principle of equality between men and women has been taken into account, primarily through balanced selection of members of the various working groups and committees involved in the preparation of this programme. Among others, ETNA Estonia, an association of rural women, was also involved in the preparation of the ERDP. The association trains rural women and supporting persons and uses their knowledge through the networks of female entrepreneurs and supporting persons, explains the principle of equality between men and women, supports women’s initiative in the improvement of social coping and rural employment. In view of implementation of this development plan, the following trends, which can be considered to be the sources of inequality between men and women, can be observed in the rural area of Estonia:

- the share of women in total population is 53,9% and in rural population 51,7%;
- the employment rate of women (54,8%) is lower than the respective figure concerning men (61,5%);
- the economic activity of women is lower and their share in the total number of entrepreneurs is relatively small;
- upon losing a job, women more easily leave the labour market and become passive;
- the general level of education of women is higher;
- the unemployment of men is somewhat higher than that of women.

The ways to consider the principle of equality between men and women differ by measures, and it is better applicable in case of the measures of Axes I and III (primarily in relation with the measure for diversification of the rural economy and the measure for village renewal and development) and in case of implementing Leader-activities. In order to promote the increase in the share of women in the total number of entrepreneurs, it is possible to give advantages to woman entrepreneurs (e.g. to support enterprises with more women in their management) in the detailed evaluation criteria of support applications. In addition, in certain measures there are preferences foreseen for young people and for projects with positive impact on people with disabilities within selection criteria. In the course of monitoring and evaluation of the programme, assessment indicators and progress levels can be divided across genders in certain cases.

15.2 NON-DISCRIMINATION

Pursuant to the Constitution, all citizens are equal in Estonia. No one shall be discriminated against on the basis of nationality, race, colour, sex, language, origin, religion, political or other opinion, property or social status, or on other grounds. The ERDP and the process of its preparation are consistent with the Gender Equality Act, which *inter alia* provides the

prohibition of discrimination based on sex in the private and public sectors and the obligation of central and local government units, educational and research institutions and employers to promote gender equality of men and women. Among other principles, the principle of equality between men and women has been taken into account upon establishing the working groups and committees related to the preparation, monitoring and evaluation of the programme. All implementing provisions of measures issued on the basis of this development plan (regulations and orders of the minister of agriculture) must be in conformity with the Constitution and other legal acts. The principle of equal treatment is also applied to conformity control, granting of support, control of the use of the granted support, and to the development of the regulatory acts and the procedure for the repayment of the support payments received. In case of measures using a ranking list prepared according to the selection and evaluation criteria provided for the relevant support, as a basis for granting the support payments, the Monitoring Committee has the possibility upon reviewing the criteria to preclude any criteria which could become a source of unequal treatment due to the circumstances described above.

16. TECHNICAL ASSISTANCE ACTIVITIES

16.1 TECHNICAL ASSISTANCE

Through technical assistance, the EAFRD is supporting the activities related to the ERDP implementation: more specifically the activities related to the preparation, management, monitoring, evaluation, information and control of the development plan. Up to 4% of the total amount of funds allocated for the ERDP may be used for those activities. Technical assistance is granted by the relevant support measure, supporting the following activities related to the preparation, implementation and monitoring of the development plan and the various projects, and to the development and functioning of the relevant administration and monitoring systems:

- preparation of assistance and activities, incl. the distribution of information about the fund to the potential applicants, advice to applicants on finding a suitable source of financing and on the preparation of projects, and the preparation of the activities and the procedure related to the implementation of the support, in the implementing authorities of the fund;
- assessment of project applications and selection of the activities to be financed;
- monitoring of the implementation of projects and the use of financial resources of the fund;
- organisation of the work of the committees dealing with the implementation of the support, remuneration of the committee members and organisation of meetings;
- audit and on-site inspection;
- information and disclosure activities, incl. the creation, editing and maintenance of websites introducing the support measures, information activities through printed media, TV and radio channels, publication of information and instruction materials as printed materials, and organisation of information days;
- training (incl. trainings on agri-environment) for the officials related to the administration of the fund, applicants, beneficiaries, trainers, advisers and information specialists;
- evaluation (incl. the ex-post evaluation of the ERDP 2004–2006);

- surveys, incl. surveys on the relevance of support programmes and on the effects of the support measures;
- acquisition and installation of information systems, hardware and software;
- other costs (e.g. costs of transport, costs of becoming employed, etc.);
- expenses related to the establishment and functioning of the National Rural Network, incl.:
 - for the structures necessary for the management of the network;
 - for the action plan including at least the determination and analysis of good transferable practices, and the provision of information about those good practices, the management of the network, the procedure for the exchange of experience and know-how, and, in the process of the formation of LAGs, the preparation of training programmes for those action groups and technical assistance to domestic and international co-operation;

The more detailed list of activities will be established with the implementing regulation. In case of contracting, national legislation on public procurement will be followed.

16.2 NATIONAL RURAL NETWORK

Legal basis

Article 66 of Council Regulation (EC) No 1698/2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Financing

The National Rural Network (hereinafter the Network) will be financed from the financial resources of the ERDP technical assistance. The budget planned for the management of the Network and for the implementation of its action plan for the period is 1 120 000 EUR (17,5 million EEK) in total, and shall not exceed 640 000 EUR (10 million EEK) per year. The budget planned for the management of the Network shall not exceed 25% of the total budget of the Network.

The overview of the breakdown of the technical assistance provided for the administration of the Network and for the implementation of its action plan, in order to specify the costs provided in Article 68 (2) (a, b) of Council Regulation (EC) No 1698/2005, will be given in the annual monitoring report referred to in Article 82 of that Regulation.

Schedule of establishment

For the first year of the ERDP implementation, the establishment of the Network Unit and technical preparation (Network website etc.) has been planned. In the first year of the establishment of the Network, it is planned to implement almost all the components foreseen in the action plan, in order to get the first experience in networking. The first official action plan will cover the year 2008. The activities of the Network will be implemented step by step and be completed by 31 December 2008 at the latest.

Objectives and functions

The objective of the activity of the Network is to produce value added for the ERDP implementation, incl. for the involvement of beneficiaries and other parties interested in rural development.

The main objective of the Network is to promote the exchange of knowledge and experience on Estonian level and to support the co-ordination of the implementation and evaluation of rural development policy. Regarding Leader-activities, the Network has to offer support for

the start of co-operation, to organise thematic meetings promoting co-operation, to promote the exchange of mentoring contacts, to organise the training of (new) action groups and to assist in evaluation.

The activity of the Network contributes to the exchange of information on local, Estonian and the EU level.

Organisations and authorities included in the Network

In the activities of the Network, representatives of the various associations and organisations representing the beneficiaries of the programme, and representatives of the institutions affected by the objectives of the programme, are involved:

- associations of agricultural producers and farmers (Estonian Chamber of Agriculture and Commerce, Estonian Farmers' Federation, Central Union of Estonian Farmers, incl. the regional organisations of the aforementioned organisations, Union of Estonian Young Farmers, etc.);
- associations and organisations of food quality and different areas of agricultural production associations (Union of Organic Producers, Estonian Council of Organic Farming Organisations, Estonian Organic Farming Foundation, Estonian Horticultural Association, Estonian Beekeepers' Association, Animal Breeders' Association of Estonia, Estonian Beef Breeders' Association, Estonian Poultry Society, etc.);
- associations of forest owners (Estonian Private Forest Union, etc.);
- associations of agricultural produce processing industry and forest industry enterprises (Association of Estonian Food Industry, Estonian Dairy Association, Estonian Association of Bakeries, Estonian Forest Industries Association, etc.);
- associations of agricultural and forest management advisers (the advisory centres referred to in the ERDP Chapter 5 and other advisory centres, Private Forest Centre, etc.);
- land improvement associations;
- agricultural and forestry training institutions (Estonian University of Life Sciences, etc.);
- agricultural and forestry educational and research institutions (Estonian Research Institute of Agriculture, Jõgeva Plant Breeding Institute, etc.);
- environmental protection organisations (Estonian Council of Environmental NGOs, Centre for Ecological Engineering, Estonian Ornithological Society, etc.);
- Natura 2000 network agency (State Nature Conservation Centre, etc.);
- rural small enterprise development associations (NPO Estonian Association of SMEs, etc.);
- associations of rural tourism entrepreneurs (NPO Estonian Rural Tourism, etc.);
- cultural heritage protection associations (Estonian Seminatural Community Conservation Association, etc.);
- associations active in village movement and in social inclusion of youth and women etc. in rural area (Estonian Village Movement Kodukant, NPO ETNA Estonia, etc.);
- rural enterprise and rural development advisory, educational, training and research institutions;
- LAGs and their voluntary networks, etc.

The list of those associations and organisations, who actively participated in the preparation of the ERDP (see the ERDP Chapter 14) serves as the basis of the list of the above mentioned associations and organisations. This list is not complete. In the course of the ERDP implementation, the list of involved associations and organisations may be amended in case of

changes in those organisations or if new associations will be established. However, the principle of axis-based involvement will be retained.

Other institutions interested in the ERDP and related to the ERDP implementation on national level are also involved in the Network activities.

Action plan of the Network

The performance of the Network functions is organised on the basis of annual action plans, which are developed by the Management Authority in co-operation with the Network Unit. For the realisation of the action plan, the Network Unit gets support under Article 68 (2, b) of Council Regulation (EC) No 1698/2005. The summary description of the main activities planned in the action plan is as follows:

- dissemination of knowledge (identification and analysis of positive experience gained, incl. good transferable practices, network activity and innovative approaches, dissemination of information on network activity and innovative approaches, organisation of the exchange of the knowledge and know-how referred to and contribution to that organisation);
- trainings (contribution to the preparation of the training programmes of LAGs and the preparation of training programmes, promoting the ERDP implementation) and seminars,
- technical assistance for internal and trans-national co-operation (incl. administration of a relevant website, organisation of trainings, seminars and other events, finding co-operation partners, administration of the database of experts, etc.).

Structure of the Network

A two-part structure will be established for the management and co-ordination of the Network activities, including the Network Unit for the administration of the Network and the Network Chamber for Co-operation (hereafter Chamber for Co-operation) for assembling different interested rural parties.

The Network Unit will be established according to the provisions of Article 41 (1) of Council Regulation (EC) No 1974/2006 as a structural unit of the Rural Economy Research Centre, the state authority active in the Ministry of Agriculture area of government and administered by the Ministry.

The Chamber for Co-operation will assemble representatives of the associations and organisations of the ERDP beneficiaries and representatives of the agencies involved in the ERDP implementation.

The objectives of the Chamber for Co-operation are the following: to ensure co-operation between the associations and organisations representing the ERDP beneficiaries and the bodies involved in the ERDP implementation or rural development; to advise the Rural Economy Research Centre as for the Network activities and its annual action plan; to advise the Rural Economy Research Centre as for the establishment of sectoral working groups and the selection of subjects.

Meetings of the Chamber for Co-operation will be called by the Rural Economy Research Centre, who will also ensure the provision of technical services to the meetings of the Chamber, which will take place twice a year.

Besides, different sectoral working groups will be established to assemble the associations and organisations representing the ERDP beneficiaries and the bodies involved in the ERDP implementation or rural development.

In general, participants in sectoral working groups and the subjects to be discussed will be specified in the course of networking. However, the subjects should be directed at certain areas and be of general interest to rural parties.

In the year of the Network establishment, mostly the working groups involved in the initial running phase will be created, such as the Network website group, the Network action plan group, etc., and the Leader-activities working group. In the selection of subjects for sectoral working groups, the subjects treated in the European Rural Network sectoral working groups will be considered.

In the selection of subjects and participants, the Chamber for Co-operation will operate as an advisory body.

Sectoral working groups will be assembled by the Rural Economy Research Centre, who also ensures the provision of technical services to the meetings of working groups.

Functions of the Rural Economy Research Centre

The main tasks of the Rural Economy Research Centre are to ensure the proper functioning of the Network and the implementation of its action plan and to perform the duties of the secretariat of the Chamber for Co-operation and sectoral working groups.

To perform its duties, the Rural Economy Research Centre:

- organises the collection, analysis and dissemination of information concerning the ERDP measures;
- organises the collection, assembly and dissemination of best practices, networking and innovative experiences;
- organises meetings, seminars and trainings for those involved in rural development;
- coordinates the relevant network of experts;
- supports co-operation initiatives;
- ensures a functioning website for the performance of the Network duties.

The Rural Economy Research Centre also has to organise and co-ordinate the appropriate information exchange on the EU level both with the networks of the other Member States and with the European Rural Network and to participate in the meetings of the European Rural Network and sectoral working groups.

The functions of the Network Unit will be provided in the statutes of the Rural Economy Research Centre.

**“Estonian Rural Development Plan
2007–2013”**

ANNEX 1

**THE FINAL EX-ANTE EVALUATION REPORT OF
THE ESTONIAN RURAL DEVELOPMENT PLAN 2007–2013**

07.12.2006

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1. INTRODUCTION

This report presents the results of the ex-ante evaluation for the Estonian Rural Development Plan 2007–2013 (hereinafter the ERDP). The evaluation is based on the ERDP chapters released by the Ministry of Agriculture on 16 June 2006 (Chapter 3 of the ERDP – “Information about axes, planned measures and their descriptions.”) and on 3 July 2006. (Chapters 1 and 2 of the ERDP – “Situation analysis of strengths and weaknesses and the strategy to tackle these”, “Justification of selected priorities following the Community guidelines and the National Strategy Plan”) and the draft ERDP 2007–2013 released on 20 October 2006.

The evaluation was carried out by InterAct Projektid ja Koolitus OÜ in co-operation with the Estonian University of Life Sciences and Audacon Eesti OÜ.

The coordinator of the evaluation process was Maarja Unt (InterAct Projektid ja Koolitus OÜ), the leading experts were Inno Kalberg (Estonian University of Life Sciences), Ranno Mellis (Audacon Eesti OÜ), Marge Simo (former Pettai) (Audacon Eesti OÜ) and Kirke Maar (InterAct Projektid ja Koolitus OÜ). Jaak Tambets (Estonian Nature Conservation Center) and Koit Alekand (Estonian University of Life Sciences) were involved as environmental experts.

1.1 The purpose of the ex-ante evaluation

Ex-ante evaluation aims at improving the quality and effectiveness of drawing up and carrying out the programme. Optimizing the allocation of budgetary resources is also important. Following Art 16 and 85 of Council Regulation (EC) No 1698/2005, ex-ante evaluation is an obligatory task in establishing a rural development programme.

The ex-ante evaluation is carried out according to Council Regulation (EC) No 1698/2005 and to the Commission regulation governing its implementation. The results of the ex-ante evaluation are available to the Ministry of Agriculture and to all the working groups related to the preparation of the programme.

1.2 The structure of the final ex-ante evaluation report

The final report of the ex-ante evaluation consists of eleven chapters. The structure of the report is drawn up according to the indicative ex-ante evaluation structure highlighted in the tender documents.

The first chapter of the evaluation contains general information on ex-ante evaluation, the evaluators, main sources of information, methodology and the structure of the final report.

The second chapter evaluates the ERDP section “Situation analysis of strengths and weaknesses and the strategy to tackle these” released by the Ministry of Agriculture on 3 July 2006 and the corresponding section from 20 October 2006. This chapter is made of six subchapters, following the structure outline highlighted in the tender documents:

2.1 Problems, risks and needs in the programme area in terms of social, economic and environmental criteria

2.2 Driving forces, strengths and opportunities of the programme area

- 2.3 Assessment of SWOT analysis
- 2.4 Assessment of causes of disparities identified
- 2.5 Target groups and their needs
- 2.6 Range of problems in the programme (including the problems not addressed by the implementation of the programme).

The third part of the ex ante evaluation consists of proposals to Chapter 2 of the ERDP “Justification of selected priorities following the Community guidelines and the National Strategy Plan” released by the Ministry of Agriculture on 3 July 2006 and on 20 October 2006. This chapter consists of three subchapters:

- 3.1 Overall policy objective in terms of expected impacts
- 3.2 General, specific and operational objectives and expected results
- 3.3 Coherency between programme objectives and National Strategy Plan

The fourth chapter of the ex ante evaluation assesses Chapter 3 of the ERDP “Information about axes, planned measures and their descriptions” released on 16 June 2006 and 29 October 2006 by the Ministry of Agriculture. This chapter consists of five subchapters following the structure outline highlighted in the tender documents:

- 4.1 Lessons learnt and evidence taken into account in designing the draft programme
- 4.2 Current situation in view of needs and objectives
- 4.3 Measures applied in view of achieving the programme’s objectives
- 4.4 Intervention logic of each measure applied
- 4.5 Balance among the measure applied in view of objectives pursued

The aim of the fifth chapter of the ex ante evaluation is to study the socio-economic and environmental impacts, how the expected impacts are revealed over time, which are the potential conflicts of these impacts and who is positively or negatively affected by the programme.

The sixth chapter analyses the programme’s added value to the Union. This chapter consists of four subchapters:

- 6.1 Taking into account the principles of subsidiarity and proportionality
- 6.2 To what extent have the Community objectives been taken into account in the programme?
- 6.3 To what extent is the programme in conformity with other interventions and how is their synergy ensured?
- 6.4 Which additional effects can be attributed to the programme?

Achieving cost-effectiveness is the topic in the seventh chapter. It consists of three subchapters:

- 7.1 Assumptions on which the expenditures of the programme are based on
- 7.2 Financial and human resource costs of the programme
- 7.3 Can the expected results be achieved at a lower cost?

The eighth chapter analyses the monitoring and evaluation system. It consists of three subchapters:

- 8.1 Implementation of the monitoring and evaluation system
- 8.2 Indicators to be used for measuring inputs, outputs, results and impacts
- 8.3 System in place for collecting, storing and processing monitoring data

The purpose of the ninth chapter is to highlight the main results of the strategic environmental evaluation. The list of environmental evaluations considered and the measures planned to integrate to the preparation of the future environment evaluation programme are also approached.

Summary is in the tenth chapter and the eleventh chapter covers the reference data used in the ex-ante evaluation.

1.3 Methodology of the ex-ante evaluation and the main sources of information

The evaluation of the ERDP is carried out following Council Regulation (EC) No 1698/2005, 20 September 2005, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), the Commission regulation on implementing the latter, Council Regulation (EC) No 1290/2005, 21 June 2005, on the financing of the common agricultural policy and other relevant legal acts.

The selection of methodology emanates from the completeness of the ERDP (selected chapters of the ERDP released on 16 June 2006 and 3 July 2006 and the 20 October 2006 draft ERDP were available to the evaluator). The ex-ante evaluation was carried out in phases based on the phase results i.e. the chapters of the ERDP issued by the client. Assessing different drafts of the ERDP complicated the evaluation process due to the occurred situations where measures that did not exist in the newer drafts of the ERDP were evaluated, hence being of no benefit to the designing of the ERDP.

The selected methodology of the evaluation process was drawn from the terms of the invitation to tender issued by the Client (the Ministry of Agriculture) and the offer from 26 May 2006 by InterAct Projektid & Koolitus OÜ to the Ministry of Agriculture describing the ex-ante evaluators as independent experts, who do not directly contribute to the compilation of the ERDP subsections, but consult in the working groups arranged by the Client in the process of designing the ERDP.

In the process of the ex-ante evaluation, the representative of the Client participated in four joint meetings of the Steering Committee and the Agriculture and Rural Development Council held in preparation of the ERDP 2007–2013 (14 June 2006; 20 July 2006; 4 September 2006; 2 October 2006). Meeting with the representatives of the Paying Agency (ARIB) took place on 20 November 2006 regarding the monitoring and evaluation system in the ex-ante evaluation.

The evaluator presented according to schedule the mid-term ex-ante evaluation on 17 July 2006 based on the ERDP 2007–2013 chapters issued by the Ministry of Agriculture on 16 June 2006 (Chapter 3 of the ERDP – “Information about axes, planned measures and their descriptions”) and on 3 July 2006 (Chapters 1 and 2 of the ERDP – “Situation analysis of strengths and weaknesses and the strategy to tackle these”, “Justification of selected priorities following the Community guidelines and the National Strategy Plan”).

The methodology of the ex-ante evaluation was mainly based on the European Commission ex-ante evaluation guideline “Draft guidelines for ex-ante evaluation” (Common Monitoring and Evaluation Framework, April 2006).

Available information from the Estonian Rural Development Plan 2007–2013, subject field researches and monitoring reports were used in the ex-ante evaluation (see Chapter 11 for references).

A strategic assessment of the environmental impacts of the ERDP 2007–2013 was also conducted.

2. PROBLEMS THAT ARE TACKLED BY THE DRAFT PROGRAMME

2.1 Problems, risks and needs in the programme area in terms of social, economic and environmental criteria.

This chapter focuses on how the ERDP 2007–2013 reflects the problems, risks and needs in the programme area in terms of social, economic and environmental criteria (*based on Chapter 1.3 in the ERDP July 2006 version, Chapter 3.1 in the ERDP October 2006 version*).

The ERDP 2007–2013 presents thoroughly the strengths and weaknesses of the environmental situation and the problematic issues that need tackling.

2.1.1 Brief summary of the main problems, risks and needs in the programme area in the ERDP (following Chapter 3.1 in the ERDP)

While analyzing the strengths and weaknesses of rural areas, the dynamic processes of Estonian population indicating the stabilization of the share of rural population of total population, is highlighted. The change in the age composition of the population is characterized by a decrease in the share of young people and by an increase in the share of older people putting restraint on the ability to guarantee socio-economic sustainability in rural areas and stressing the need to implement measures for relieving the problem. In addition, there has been a constant decrease in employment rate in rural areas since 1989. The decrease in the employment rate of the younger population has become extremely evident.

When compared to other EU member states, the average economic growth is good – on an average 6,6% in the last 10 years. However, when compared to other economic fields, the value added of agriculture and hunting and forestry is smaller. Agriculture has retained the carrier role in supplying the population with food, in rural enterprise, and in shaping the cultural landscape of rural areas. The largest share of agricultural producers is made of those who earn up to 113 000 EEK annually in sales revenue. Most of the producers in this group are not able to invest in rearranging the production, hence these agricultural producers are not sustainable without the intervention of the government.

As of land improvement, it is necessary to preserve the drainage facilities of agricultural and forest land. Estonian forest plays a significant role in providing Estonian industries with forestry products. Private forests occupy a considerably large part (39%) of the total forest land, divided between estimated 70 000 private forest owners. However, the economic situation of private forest owners is not good enough for making the investments necessary for meeting environmental obligations, building roads and drainage works. Agricultural produce processing industry as the main denominator of domestic agricultural production has been obligated to make constant investments in meeting food safety standards, thereby being forced to giving up product development, implementation of new technologies and the production of higher value added products. Also the aspects of effective production and specialization have been left without attention.

Estonia is characterized by landscape, genetic and population diversity, of which the maintenance and restoration requires national funding. The Natura 2000 network covers 12% of the mainland. The climatic change, geographic location and the changed situation of land

usage in Estonia have provoked the potential to produce bioenergy and to increase biomass production. The existence of enterprise is of crucial importance in the functioning of a nation. The decreasing number of rural enterprise jeopardizes the general rural way of life. Developing the activity of micro enterprises while creating appropriate jobs has been offered as one solution.

2.1.2 Proposals (to the ERDP draft of 3 July 2006)

Presenting the problems and needs in agriculture, agricultural produce processing industry, forestry, agricultural environment and landscapes and rural enterprise and the quality of life in rural area have mostly been drawn from Chapters 1.2 to 1.4 of the Rural Development Strategy 2007–2013 (hereinafter the ERDS). The problems described in paragraphs 1.3.1.1–1.3.1.5 in principle match the problem composition of the ERDS 2007–2013.

1. We advise to rephrase the sentence of the land improvement (Chapter 1.3.1.3) starting with the words: “The main objective on agricultural land is...” “over to a need, because presenting an objective in the given context is not appropriate.
2. The problems presented in the part regarding agricultural environment and landscape (Chapter 1.3.2) need specification, since they are defined concentratively and generally. The formulation of the text is uneven. We advise the specification of this section.
3. We advise to complement the problems in the agricultural environment and landscapes on the basis of Chapter 1.3 of the ERDS and to adjust the presentation of the problems.
4. The need to preserve natural and cultural heritage of rural regions should be added to the section (Chapter 1.3.3. in the ERDS).

2.2 Driving forces, strengths and opportunities in the programme area

This section analyses and presents proposals the way the ERDP reflects the driving forces, strengths and opportunities in the programme area (*based on Chapter 1.3 of the ERDP released July 2006 and Chapter 3.1 of the ERDP released October 2006*).

According to the low competitiveness of Estonian agriculture and the need to preserve a considerably good status of the environment, appropriate measures across four different axes have been drawn up based on the ERDS 2007–2013. The focus is on significant factors such as improving the competitiveness of agricultural producers, restoring the forest potential destroyed in natural disasters incl. forest fires, more effective use of forestry products, ensuring good status of the environment, preservation of high nature value areas, developing rural enterprise and giving more decision power to the local authorities.

2.2.1 Proposals (to the ERDP draft of 3 July 2006)

1. Chapter 1.4 in the current ERDP draft is very brief and we suggest a significant complementation to be done.
2. When highlighting the strengths and opportunities we advise to take into account the internal as well as the external factors of the programme.
3. Chapters 1.3 and 1.4 in the ERDP (3 July 2006 draft) are an important input to Chapter 1.5, therefore we advise to follow their consistency. In Chapters 1.3 and 1.4

of the ERDP we advise to present a short description of the problems or driving forces for better understanding.

2.3 Assessment of the SWOT analysis

Based on the subsection 1.5 from July 2006 ERDP draft and subsections 3.1 and 3.2 from October 2006 ERDP draft.

The aim of the ERDP 2007–2013 programme-related SWOT analysis is to assess the strengths, weaknesses, opportunities and threats of the programme area based on the use of quantified data and appropriate baseline indicators. The SWOT analysis was assessed on its completeness, causes of disparities identified, important factors influencing rural development, general characteristics of socio-economic and natural environment, drawing up, ranking and prioritizing operational alternatives.

The SWOT table consists of four different sections: strengths and weaknesses that are *internal factors* and opportunities and threats that are *external factors*.

How to distinguish the internal factors from the external in the ERDP?

Internal factors are the factors directly influenced by the ERDP (by the Ministry of Agriculture). *Strengths* have been achieved or are achievable with work done so far. *Weaknesses* are the factors acknowledged (by the Ministry of Agriculture) and which can be eliminated in case of need.

External factors cannot be influenced by the ERDP (by the Ministry of Agriculture). *Opportunities* are the factors that cannot be directly contributed to, but which can be used in favour of the ERDF. Threats are the factors that cannot be directly tackled, but against which different ways of insurance types are possible.

The ERDP covers the strengths, weaknesses, opportunities and threats of agriculture, agricultural produce processing industry, forestry, the environment and region and rural area. The research subject is very broad, containing converging connections and being coincident at times. One of the main preconditions of the SWOT analysis is the defining of the subject of investigation.

2.3.1 Proposal (to the ERDP draft of 3 July 2006)

Considering the broad range of the ERDP making the SWOT analysis more complicated than predicted, we advise to divide the subject of investigation to sections across four axes based on the ERDS 2007–2013:

Axis 1 – competitiveness of agricultural and forestry sector

1.1. agriculture,

1.2. agricultural produce processing industry ;

1.3. forestry;

Axis 2 – environment and landscape;

Axis 3 – diversification of the rural economy and the quality of life in rural area;

Axis 4 – local initiative in rural area.

Following different target groups we advise to conduct four different SWOT analyses, consequently facilitating the determination of propositions in the SWOT table and thereby highlighting the converging and coinciding propositions in the SWOT analysis.

2.3.2 Proposals (to the ERDP draft of 3 July 2006)

1. We advise to add the methodological part (how and on which basis have the propositions been formed – is it either a brainstorming result or is it based on problems and situation descriptions presented in the preceding chapters) of forming the SWOT analysis. In case of the propositions being based on problems and situation descriptions, we advise to complement the table of the SWOT analysis considering the problems in the preceding chapters.
2. We advise to mark if the propositions are ranked or not.
3. The propositions should cover all four target groups of the ERDS axes (the proposal is exercised when four different SWOT analyses are conducted).
4. There is no need to add justifications when phrasing the propositions, since they are phrased in the ERDP Chapters 1.3 and 1.4.
5. The SWOT table should consist of propositions, not operational alternatives. We advise to rephrase the operational alternatives to propositions. Otherwise the logic of analyzing is corrupted. For example, “Increasing the share of environmentally friendly agriculture and nature-preserving forestry” cannot be a proposition, since it is an operational alternative. The proposition could be the following: “Estonia has environmentally friendly agriculture and nature-preserving forestry”. The following paragraphs in the SWOT analysis need rephrasing: weaknesses par.1; opportunities par. 1, 2, 4–10; threats par. 1–3, 7, 8.
6. We advise to specify paragraph 9 in weaknesses, since it is incomprehensible.
7. The evaluator cannot agree with unemployment being the only threat (p. 3), since research indicates the increase in labour shortage in rural area. We advise to add labour shortage also as a threat.
8. We advise to add the table of operational alternatives to the SWOT analysis in Chapter 1.5 of the ERDP.
9. While conducting the SWOT analysis, we advise to use annex 4.1 of the ex-ante evaluation of the ERDP 2004–2006, outlining the main principles of conducting the analysis.

2.4 Assessment of causes of disparities identified

The specified question in focus in this part is as follows: How have the causes of different social, economic and environmental disparities been highlighted?

The ERDP covers sufficiently the causes of disparities and the possible measures implemented to tackle these problems.

The main reasons for social disparity described in the ERDP (see Chapter 3.1) are the employment rate in Estonian rural area, especially the decrease in the share of younger population. General economic activity of women is lower and therefore their percentage among entrepreneurs is considerably small. Across regions, enterprises are mostly in the vicinity of Tallinn, North Estonia and North-East Estonia, creating less developed areas in South Estonia and South-West Estonia. Natura 2000 nature conservation areas and less-favoured areas also cause differences in socio-economy. The special characteristics of soil

(different pH levels, erosion, nitrate-vulnerability) contingent to the geologic characteristics of the earth highlight the need to use environmentally friendly production techniques.

Priority to distribute resources, assign the scale of co-funding and establish selection criteria regarding regional differences as highlighted in Chapter 2.1.4 in the ERDS, is a recognizable argument.

2.4.1 Proposals (to the ERDP draft of 3 July 2006)

1. We advise to explain the structure of regional disparities and the selection of baseline indicators – how and in case of which measures will the objectives be implemented.
2. Increasing the employment rate of women and young people has been set as a priority in Chapter 2.4.2 in the ERDS. In the ERDP, the priority of increasing the employment rate of women is not highlighted and we suggest the complementation of the ERDP in given matter.

2.5 Target groups and their needs

The question in focus of the given section is – which are the target groups and their needs highlighted in the ERDP, based on Chapter 1.6 of the July 2006 draft ERDP and Chapter 5 of the October 2006 draft ERDP.

The target groups highlighted in the measures of the ERDP are drawn from the investigation subject of the SWOT analysis and meet the requirements of Council Regulation (EC) No 1698/2005.

The surveys conducted by the Estonian University of Life Sciences, the Estonian Institute of Economic Research, the Rural Development Institute, etc. were additionally used in identifying target groups and their needs.

2.5.1 Proposals (to the ERDP draft of 3 July 2006)

1. We advise to concord the target groups identified in Chapter 1.6 in the ERDP with the target groups presented in Chapter 2.2 in the ERDS. Forestry and forestry products processing industry, private forest owners and women (to improve the enterprise of women) is currently not mentioned.
2. In terms of completeness and coherency, we advise to mention the target groups originating from the part of the target group receiving aid on the measure sheets. These are employees of agricultural holdings, acknowledged advisory centers, non-profit and profit associations, development, educational and scientific research establishments etc. involved in agriculture and forest management and land improvement.
3. Regarding measure 3.3.1.1 (In-service training, retraining and information measures for persons employed in the agricultural, food and forestry sector) we advise to extend the target group receiving the support by the promoters of rural economic in-service training and the employees of agricultural produce processing enterprises . Otherwise the supported operations do not cover the target group of those receiving the support.

2.5.2 Proposals (to the ERDP draft of 20 October 2006)

1. The definition of target group beneficiaries (business associations) in supporting the setting up of young agricultural producers (112) is problematic. Following Art. 22 of Council Regulation (EC) No 1698/2005, the objective is to support a young agricultural producer working as an executive. Therefore the owner (a board member) of the enterprise can be supported, but not directly the business association. The executive is responsible for the general functioning of the enterprise, on the one hand creating benefits to its owner, on the other hand, contributing to the completion of the socio-economic objectives (providing employment and preserving the vitality of rural area). In this situation, the beneficiary and operator of the support is the enterprise, but the applicant is the young executive of the enterprise acting in the best interests of his enterprise. Proceeding from it, we advise to distinguish the application requirements for the applicant, being the executive of the enterprise and to the object applied for, being the business association (except self-employed entrepreneurs, in case of whom the applicant and the object applied for is the same). Also the interconnection of the applicant and the object applied for should be determined (for example, requirements for the length of service of the executive, changing of young executives and other circumstances) for the purposeful usage of the support. In the current draft of the ERDP, the identity of the applicant remains obscure, since the set requirements for the executive as well as for the enterprise, hereby being different in nature. Thus the requirements for legal and natural persons should differ.
2. We advise to specify in current measure and in all measures hereinafter the identity of the agricultural producer. Mixed production enterprises being active in agriculture as well as in other business activities are a problem. Otherwise the suitability of support provided to certain producers becomes questionable.

2.6 Range of problems in the programme

The general objective of this part is to study the objectives not addressed by the implementation of the programme.

The aim of the current section is to study the following:

1. Are there any problems in measures that they clearly cannot tackle?
2. Do the objectives of selected measures support the tackling of the problems?
3. Have measure objectives been set according to problems and to the requirements of the EU directives?

In case of measures presented in the 20 October 2006 draft of the ERDP 2007–2013, one can claim that there are no problems unsolvable by these measures. Presented measures are more or less solvable. The general and specific objectives are in accordance with Council Regulation (EC) No 1698/2005 and support the tackling of the presented problems. While monitoring the ERDP, we advise to additionally evaluate the tackling effectiveness of the determined problems and set objectives.

We suggest adding a problem matrix to Chapter 3 of the ERDP for better mapping of the problems and their complete handling. One column of the matrix should consist of problems drawn from the general part of the ERDP (incl. the SWOT analysis) and problems from the ERDS (prioritized and grouped according to measures). The second column should hold the problems presented in measure descriptions. The completeness of presenting the problems becomes evident when comparing the columns.

2.6.1 Proposals (to the ERDP draft of 3 July 2006)

1. Problem on undeveloped joint actions in land improvement from Chapter 1.3.1.3 in the ERDP, is not reflected in measures 3.3.1.8 (Land improvement), and it is not reflected in the objective of the given measure. We advise the complementation of the measure in this aspect.
2. Problem presented in Chapter 1.3.1.4 of the ERDP on improving the quality of vocational primary training in rural economy and the need for the basic in-service training is not tackled in the objectives or operations of measure 3.3.1.1 (... in-service training and retraining...). We advise the complementation of the measure in this aspect.
3. Problem presented in Chapter 1.3.1.5 of the ERDP on the need for the renewal of more fertile site quality types is not tackled in the objectives or operations of measure 3.3.1.5 (Improving the economic value of forests). We advise the complementation of the measure in this aspect.
4. Problem presented in Chapter 1.3.1.5. of the ERDP on improving the marketing opportunities, broadening the multifunctional role of the forest and active joint forestry initiatives are not supported by objectives or operations of measures 3.3.1.5. and 3.3.1.7. We advise the complementation of the measure in this aspect.
5. Problems presented in Chapter 1.3.2 of the ERDP support the objectives in the planned measures. At the same time, the problems presented in Chapter 1.3.2 of the ERDP need specifying and complementation, thus complicating the evaluation process. We advise the complementation of the measure in this aspect.
6. Problem presented in Chapter 1.3.3. of the ERDP on labour shortage and pendulum migration is not supported by the objectives or the operations of measures 3.3.3.1. and 3.3.3.2. We advise the complementation of the measure in this aspect.
7. We advise to broaden the range of problems in the section “Diversifying the quality of life and land improvement in rural area” (Chapter 1.3.3 in the ERDP) following the problems presented in the ERDS. According to Chapter 1.4.2 in the ERDS, it is important to promote education and the so-called life-long learning helping to tackle the shortage of qualified workforce.
8. Problems based on the following measures and requirements drawn from the EU directives have not been presented in the ERDP: Chapters 1.3.1.–1.3.3: measures 3.3.1.2., 3.3.1.6., 3.3.1.9., 3.3.1.10., 3.3.2.1., 3.3.2.2., 3.3.2.3.1., 3.3.2.3.2., 3.3.2.5., 3.3.2.6. and 3.3.2.7. We advise adjusting the given measures.

2.6.2 Proposals (to the ERDP draft of 20 October 2006)

1. The general objective of the measure “Infrastructure of agriculture and forest management”(125) is specified too narrowly, targeting only the operational sustainability of drainage systems, not taking into account the infrastructure involved in the whole agricultural and forestry management – providing access roads, prevention of forest fires. We advise to adjust this measure.
2. In measure “Infrastructure of agriculture and forest management”(125), Art. 30 of Council Regulation (EC) No 1698/2005 on providing energy should be taken into account.

3. EXPECTED IMPACTS OF THE PROGRAMME

3.1 Overall policy objective in terms of expected impacts

This part analyses and proposes the nature of the overall policy in terms of expected impacts.

In the ERDP 2007–2013, the focus is on establishing overall policy objectives regarding several national priorities.

3.1.1 Summary of the overall policy objectives presented in the ERDP (draft of 20 October 2006)

Rural development policy supplements the common agricultural policy thereby contributing to the Community objectives and integrating national policy priorities, thereby promoting the co-operation of different fields. The completion of the overall policy objectives is financed from the European Agricultural Fund for Rural Development (EAFRD). Overall policy objectives are distributed across four priority axes.

The objective of Axis I is to improve the competitiveness of the agricultural, food and forestry sector by developing the human potential of those sectors and to improve the potential of agricultural production by diversifying the agricultural activity, promoting the agriculture meeting the relevant standards and the usage of biomass; to facilitate setting up of young agricultural producers and to contribute to the change of generations in agriculture; to promote the implementation of new technologies and innovations, to improve the economic value of forests and to improve the competitiveness of private forest owners and non-profit and profit associations of forest owners and the micro-enterprises processing forestry products; to support to improve the general productivity and sustainability of agricultural and forestry producers and to promote their co-operation with agricultural and forestry sector; to help to preserve the operation of drainage systems on agricultural and private forest land and to support the availability of training and advisory services.

The overall policy priority Axis II covers the support for less-favoured areas, ensuring conformity with nature protection requirements in Natura 2000 network areas, maintaining the continual use of agricultural land, contributing to the sustainable use of private forest land and supporting the improvement of biological and landscape diversity in semi-natural habitats; to support the agri-environment through environmentally friendly production in nitrate-vulnerable areas; to preserve and increase biological and landscape diversity; to increase the environmental awareness of agricultural producers and to promote the implementation of environmentally friendly management methods in agriculture; to expand environmentally friendly planning in agriculture; to support keeping animals of local endangered breeds and growing plants of local endangered varieties and to promote organic farming; to restrict the diffused pollution from agriculture and to maintain and improve the quality of surface water and groundwater in nitrate-vulnerable areas; to support non-productive investments, in order to maintain the historical and cultural value and to improve the aesthetic value of landscapes; to support the liming of agricultural land, in order to neutralize acid soils to the level optimal for plant growth; to support the development and to improve the competitiveness of organic farming.

The overall policy priority Axis III focuses on improving the quality of life in rural area and diversifying the rural economy thereby, improving the competitiveness and sustainability of

rural entrepreneurs. In addition, the attraction of the rural living environment, the quality of life and social and economic backwardness is improved by increasing local activity and developing the non-profit sector.

Priority Axis IV covers the implementation of local initiative-based Leader-approach to develop local development strategies, to promote the co-operation between local public and private sector, thereby improving the competitiveness of agriculture and forest management.

3.1.2 Proposal (to the ERDP draft of 3 July 2006)

We advise to consider the capacity and implementation range of Leader-approach in improving the quality of life in rural area so that it could successfully meet the overall policy objectives.

3.2 General, specific and operational objectives and expected results

This chapter analyses and makes proposals to the general, specific and operational objectives and expected results in the ERDP.

Despite some comments, the general logic of setting and structuring objectives has been followed in the ERDP 2007–2013, enabling their successful completion. The system of objective-hierarchy has been implemented in compiling the ERDP that helps to analyze and link different objectives of the programme meanwhile highlighting certain intervention needs in fulfilling the general objectives of the supportive task. Thus the objectives are divided into levels, where different levels are logically connected. In addition to the hierarchic system of the objectives, horizontal objectives, being the common objectives of the different measures of the programme, are used.

3.2.1 Proposals (to the RDP draft of 3 July 2006)

1. We advise to expand the target group of the general and specific objective in measure 3.3.1.1 (In-service training, retraining and information measures for persons employed in the agricultural, food and forestry sector) by the agricultural produce processing industry.
2. In measure 3.3.1.2 (Support for setting up of young agricultural producers) we advise to consider the fact that a potential young farmer likely has a family (wife and children) and setting up as an agricultural producer in rural areas brings forth the necessity to solve social problems (for example, buying or renovating living areas, transport (including transporting children to kindergarten), Internet access, etc.). Considering that the overall policy objective is to involve young people in agriculture and help to maintain the rural community, we advise to handle the problem more broadly. More effective implementation of the measure depends on including social factors.
3. The specific objective of measure 3.3.1.4 (Modernisation of agricultural holdings) does not considerably specify the objective and links to supportive operations and possible problems are insufficient. We advise to complement the specific objectives considering the given aspect.
4. Following the justification of measure 3.3.1.5 (Improving the economic value of forests) we advise to include operations to promote the development and functioning of joint action in forestry.

5. We advise to define environmentally friendly production and management and their optimal range of implementation in submeasure 3.3.2.3.2 (Support for environmentally friendly management).
6. We advise to specify the species for which habitats should be created in the general objective or the justification of the necessity in submeasure 3.3.2.4.1 (Support for the establishment and restoration of stonewalls).
7. The objective of measure 3.3.2.7 (Natura 2000 support for private forest land) should be more specific and laconic, the use of references (to the Nature Conservation Act) limits the comprehension of the objective. We advise the specification of this objective.
8. We advise to add operations, descriptions of operations and the specific objective to measure 3.3.2.1 (Support for less-favoured areas other than mountain region agricultural producers).

3.2.2 Proposals (to the ERDP draft of 20 October 2006)

1. The structure under question remains unclear in the specific objectives of “Support for setting up of young agricultural producers” (112). We advise the specification of this objective.
2. We advise to correct the phrasing of specific objectives in submeasure II (Long-term investments of agricultural producers) under “Modernisation of agricultural holdings” (121) considering that one cannot introduce an innovation solution, but an innovative solution (innovation or renewal – *innovare* (latin) – to renew).
3. Another problematic question arises, drawing from the preceding proposal – how will innovative measures be distinguished from other traditional measures when applying them? Possible threat lies in entitling traditional measures as innovative ones. We advise to define the concept and its implementation range following its objective in the ERDF or in this measure.
4. In submeasure III (Investments into the production of bioenergy) of measure “Modernisation of agricultural holdings” (121) we advise to formulate a specific objective on the basis of the given keywords.
5. We advise the specification of the specific objectives of measure “Adding value to agricultural products” (123) in terms of the innovative investments supported by the measure, since any investment can be claimed to be innovative in nature.

3.3 Consistency of programme objectives and the National Strategy Plan

The aim of this chapter is to analyze and give proposals to the coherency between programme objectives and the National Strategy Plan.

Guidelines presented in the Rural Development Strategy (the ERDS) 2007–2013 have significantly been considered and implemented on measure level in the ERDP.

The ERDS covers the situation analysis of economic and social environment, the same as in the ERDP, rising the question of duplicated coverage of the given chapters in two documents. In addition, the ERDS presents the baselines of general strategy along with the interpretation of the Community and national priorities. Axes-based budget, qualified objectives, inner and outer coherency of strategies, inter-complementarities with other Community financial instruments and recommended budget are all integral parts of the ERDS, being covered in

more detail in the ERDP. Setting general strategic objectives is also an obligatory part of the ERDS, but applied by the ERDP. The objectives of the strategy and the plan are in coherency.

3.3.1 Proposals (to the ERDF draft of 3 July 2006)

1. Contrary to the guidelines outlined in the ERDS (Art. 12 in Chapter 3.1 in the ERDS), the target group of the general objective of the ERDP measure 3.3.1.3 (Development of advisory services and the use of advisory services by agricultural producers and private forest owners active in agricultural production) does not include agricultural and forestry product processing industry. We advise the complementation of this target group.
2. Art. 4 in Chapter 3.3 in the ERDS (Abandoned agricultural facilities) is not reflected in the objectives and operations of measure 3.3.3.1 (Diversification of the rural economy). We advise the complementation of this measure.

4. CHOSEN MEASURES

4.1 Lessons learnt and experience taken into account in drafting the programme

The aim of this chapter is to study how and to which extent does the ERDP reflect the effect of the previous programme period.

This study is based on Chapter 3.4 “Effects of the previous programme period” of the ERDP (October 2006 draft).

4.1.1 Proposal (to the ERDP draft of 16 June 2006)

1. In addition to the information on baseline documents we advise to highlight the analysis of the profitability and lessons learnt from previous programmes and development plans for using it in developing the current ERDP. Otherwise the chapter will only list the work done, lacking the significant functional connection with following chapters.

4.1.2 Proposal (to the ERDP draft of 20 October 2006)

1. The impact of previous programmes is not covered in this chapter, only the list of measures is provided. We advise to bring the content of the chapter in concordance with its title and highlight the impacts of previous programmes. In the light of compiling this ERDP, we advise to thoroughly analyze the impact of previous programmes, lessons learnt from the success in their implementation, monitoring and evaluation, to implement the knowledge in compiling a new development plan.

4.2 Current situation in view of needs and objectives

The aim of this chapter is to study how the ERDP covers the current situation in view of needs and objectives.

The current situation has generally been covered in sufficient thoroughness in the ERDP. The statistics are up to date and quantitative indicators are sufficiently highlighted. Certain duplication of ERDS data occurs occasionally.

4.2.1 Proposal (to the ERDP draft of 16 June 2006)

1. Add figures of regional differences (by counties) and gender inequalities to the description of general socio-economic situation.

4.3 Measures applied in view of achieving the programme objectives

The aim of this chapter is to study the measures planned in view of achieving the programme objectives.

Measures applied must give relevant and complete information on delivering the set objectives. Through the measures of the ERDP, vertical as well as horizontal objectives are set, drawn on the four axes of the ERDS 2007–2013. The measures of the ERDP support

significantly the delivering of the set objectives considering the limitation of distributed funds and the critical needs of target groups.

The following measures are applied in the ERDP:

Axis I – Improving the competitiveness of the agricultural and forestry sector

Training and information activities (111)

Support for setting up of young agricultural producers

Support for advisory system and services (114, 115)

Modernisation of agricultural holdings (121)

Submeasure I – Investments into the development of micro agricultural producers

Submeasure II – Long-term investments of agricultural producers

Submeasure III – Investments into the production of bioenergy

Improving the economic value of forests and adding value to forestry products (122, 123, 226)

Adding value to agricultural products (123)

Development of new products, processes and technologies in the sectors of agriculture, food and forestry (124, 132, 133)

Infrastructure of agriculture and forest management (125)

Axis II – Improving the environment and the countryside

Support for less-favoured areas (212)

Natura 2000 support for agricultural land (213)

Natura 2000 support for private forest land (224)

Support for the maintenance of Natura 2000 network semi-natural habitats

Agri-environmental support (214)

Submeasure I – Environmentally friendly management

Submeasure II – Environmentally friendly management in a nitrate-vulnerable area

Submeasure III – Organic farming

Submeasure IV – Support for raising animals of local endangered breeds

Submeasure V – Support for growing plants of local varieties

Support for non-productive investments (216)

Submeasure I – Support for the establishment and restoration of stonewalls

Submeasure II – Support for liming of agricultural land

Submeasure III – Demolition of agricultural production buildings left out of use

Establishment of protection forest (221)

Establishment of energy shrubs (221)

Axis III – The quality of life in rural area and diversification of the rural economy

Diversification of the rural economy (311, 312, 313)

Village renewal and development (321, 322, 323)

Axis IV – Leader

Leader-measure (411, 421, 431)

4.3.1 General proposals (to the ERDP draft of 16 June 2006)

1. The justifications of measures are indistinct in some places and the problems to be tackled by the measure are not specified. We advise to specify the justifications of measures.
2. In measures planned we advise to specify the requirements to be met and problems to be tackled with the implementation of the measure.

4.3.2 Proposals (to the ERDP draft of 16 June 2006)

1. In addition to purchasing forestry equipment, we advise to complement the supportive operations of measure 3.3.1.5 (Improving the economic value of forests) with purchasing forestry accessories for the protection of forest tree plants and the maintenance of the forest.
2. We advise to specify the size groups formed in measure 3.3.1.4 (Modernisation of agricultural holdings), since the justification of implementing ESU 16 or ESU 40 remains insufficient.
3. The general objectives of measures 3.3.1.9. (Support for agricultural producers involved in food-quality schemes) and 3.3.1.10. (Food-quality schemes – informational and promotional activities) are the same, having different specific objectives and supported activities, therefore we advise to unite these measures.
4. The action fulfilling the objective of the ERDS (Art. 6 Chapter 3.3 in the ERDS) on promoting the availability of services improving the quality of life in rural area is missing in the description of measure 3.3.3.2 (Village renewal and development). We advise to adjust the list of actions of the measure following the objective.
5. For measure 3.3.1.3 (Development of advisory services and the use of advisory services by agricultural producers and private forest owners active in agricultural production) besides ensuring the availability of advice services, we advise to pay attention to the quality of these services and to emphasize the implementation of innovative solutions and the involvement of scientific institutions in supported activities and specific objectives.
6. We advise the specification of justification in measure 3.3.1.8 “Land improvement” on environmental protection. Besides the positive ones, negative aspects of land improvement can also be pointed out.

Comment on proposal number 6

The text refers to the favourableness of draining to the status of water bodies. For balance, the negative impacts of building and maintaining drainage facilities on natural water bodies and many other habitats listed in annex I of the nature directive, should be marked. Drainage systems usually worsen the natural hydrological condition and the physical quality (by opening sediments and increasing their carriage into water bodies) of surface water bodies.

We advise the specification of sentence: “Appropriate reconstruction of land improvement systems significantly helps to improve the condition of our water bodies.” Some land improvement measures can decrease the overall negative impact land improvement has on water bodies. We advise to highlight these and support in view of environmental protection (as supporters of public interest).

In sentence “Unreconditioned land improvement systems and overgrown artificial recipients cause floods” we advise to consider the aspect that broad drainage networks

generally cause floods. The experience of European cities speaks for itself – flood is likely preconditioned by a tight net of drainage canals, from where water flows quickly into a recipient river that is not able to lead it forward in sufficient speed, resulting in large-scale floods. As Estonian experience shows, natural and semi-natural habitats with a small amount of canals, effectively buffer possible river floods. For example, in case of a flood (up to a couple thousand hectares), Alam-Pedja natural reserve effectively buffers the extent of floods of Emajõgi in Tartu. The preservation of many valuable habitats in Alam-Pedja depends on regular flooding. Hence, the reconditioning of land improvement systems and opening recipients may decrease the risk of flooding on land improvement objects, but increase it in towns. Draining also has a negative impact on the protection values of our habitats and those of European importance (annex I on habitat types of nature directive). Land improvement does not have to be bad in nature – it can be used to shape water pipes of our taste as well as the landscape.

7. We advise to define the support target area on the basis of soil fertility in measure 3.3.1.8 “Land improvement”.
8. We advise to include the aspect of land improvement to be co-financed under land improvement preservation schemes concordant with water management schemes in measure 3.3.1.8 “Land improvement”.
9. If the recipient of the land improvement system happens to be a Natura area water course or a part of it, we advise to include Environmental Impact Evaluation (EIE) in documents required in measure 3.3.1.8 “Land improvement” or add a necessary reference to the relevant regulations.

Comment on proposal number 9

We recommend EIE only for objects likely to impact the Natura areas. Local land improvement bureau is not competent in deciding on the necessity of EIE, hence its necessity cannot be judged upon certain cases.

10. In submeasure 3.3.2.1 (Support for less-favoured areas other than agricultural producers in the uplands) we advise to also cover infertile excessively moist land with low productivity and hard-to-cultivate land, enabling to save on land improvement costs in less fertile areas.
11. We advise to specify the supported land area (38 000 ha) by land parcels listed under indicators and target levels in submeasure 3.3.2.2 (Natura 2000 support for agricultural land). The specification enables the comparison of the distributed areas receiving support in this measure and in submeasure 3.3.2.3.4.
12. We advise to more specifically define the principles of calculating the loss of income and use approved methods. Otherwise serious problems can occur in compensating these funds.
13. We advise to include the requirement of the applicant having to follow relevant guidelines of eco-management scheme in submeasure 3.3.2.3.1 (Environmentally friendly management in nitrate-vulnerable area). In case the requirement cannot be implemented right after the start of the programme period for technical reasons, we advise to implement it starting from year 2009.

Comment on proposal number 13

The eco-management scheme is described on the basis of ISO 14001 and EMAS. Producer has to have an overview of their environmental assets, environmental hazards, environmental aspects relevant in production and requirements not met. Following the latter, the producer has to draw up an environmental action plan, where deadlines and actions of bringing production into accordance with environmental requirements are listed.

14. We advise to fix the base level of the use of fertilizers and pesticides in measure 3.3.2.3.1 (Environmentally friendly management in nitrate-vulnerable area).

Comment on proposal number 14

Descriptions of measures indicate increasing problems in the quality of groundwater. If the starting point is poor and there are still problems with drinking water, we advise to review the permitted levels. If the use of more fertilizers and pesticides is allowed, it does not help to achieve environmental protection objectives. There is no need for restrictions if there are no problems with diffused pollution. If the problem is spot pollution, an appropriate plan of action has to be listed on the measure sheet.

15. We advise to include the requirement of the applicant having to follow appropriate guidelines of eco-management system (see comment on proposal number 6) in submeasures 3.3.2.3.2 (Support for environmentally friendly management) and 3.3.2.3.3 (Support for organic farming). In case the requirement cannot be implemented right after the start of the programme period for technical reasons, we advise to implement it starting from year 2009.
16. The justification of submeasure 3.3.2.3.4 (Support for maintaining semi-natural habitats) should include the latest data on semi-natural habitats, their maintenance and restoration.

Comment on proposal number 16

This year, the reconstruction and maintenance of more than 18 000 ha was funded by the Ministry of Agriculture. Using the data of 2003 here is inadequate. Describing support rates on the basis of the costs of 2003 is misleading. The rates used today are considerably higher (for example, due to the high fuel price). According to the Ministry of Agriculture, the maintenance of grasslands on mineral soil costs 560 EEK/ha, clearing an alvar costs 600 EEK/ha, etc.

17. We advise to specify the minimum requirements for an applicant in submeasure 3.3.2.4.2 (Support for liming of agricultural land). In case of environmental support, environmental requirements, not only the agronomic aspects, should also be considered. If the given measure does not belong under submeasure on environmental support, we advise to cover it under a different axis.
18. We advise to complement the general objective in measure 3.3.2.5 (Afforestation of the water protection area) with the objectives listed in Directive 2000/60/EC of the European Parliament and of the Council – reference to the Directive alone gives no clear perception of the objective.
19. The target area supported in measure 3.3.2.5 (Afforestation of the water protection area) should be specified as follows: “on agricultural land located in water protection

zone and water preservation area and sanitary protection zone and water catchment area”.

4.3.3 Proposals (to the ERDP draft of 20 October 2006)

1. In measure “Training and information activities” (111), carrying out training in specific fields of agriculture, environment and forestry (being new training fields) can mean significant time and monetary expenses on compiling training materials. Therefore we advise to consider the compensation of compiling training materials as a supported activity.
2. We advise to set minimum time limits to training and information days in measure “Training and information activities” (111).
3. The description of the clause on transition methods remains obscure in measure “Support for advisory system and services” (114, 115). We advise the specification of the objective of this paragraph.
4. We advise to specify the concept of income in minimum requirements in submeasure I - Investments into the development of micro agricultural producers under measure Modernisation of agricultural holdings (121). Does the cash flow of the enterprise have to increase or the sales revenue? We advise to replace the second clause with a complementary business plan in minimum requirements. Specific requirements of the business plan and its content should be stated by a regulation of the minister. Currently the subject matter of “included details” remains obscure.
5. In the fourth clause of supported activities in submeasure I (Investments into the development of micro agricultural producers) of measure Modernisation of agricultural holdings (121) the phrasing should be as follows: “...also purchasing assets related to apiculture and mushroom growing.”
6. In measure “Adding value to agricultural products” (123) we advise to specify the sentence or rephrase the following part: “purchase or lease up to the market value of assets.” This sentence remains currently obscure.
7. In the support of measure “Development of new products, processes and technologies in the sectors of agriculture, food and forestry” (124, 132, 133) we advise to specify or refer to the appropriate Council regulation – on which basis are small, medium-sized and large enterprises classified.
8. In evaluating support in measure “Village renewal and development” (321, 322, 323) we advise to add conditions favouring enterprises and non-profit associations located away from county centres or from less-favoured areas.
9. In supported target area of measure “Village renewal and development” (321, 322, 323) we advise to consider (as in measure “Diversifying the rural economy”) the differentiation of support rates across regions.
10. We advise to use matching terminology throughout measures. For example, terms like economic sustainability or sustainability and economic vitality and vitality are used. The terms mean practically the same and a common reader of the development plan might not understand it. We advise to use sustainability with appropriate phrases.
11. A clause in minimum requirements for an applicant in measure “Village renewal and development” (321, 322, 323), where the planned operating profit of the enterprise cannot exceed the cost of future investment object over 25 % in the fiscal year, is unadvisable, since operating profit indicates the operating results of the enterprise. Setting the requirement through observation of the indicator level can on the one hand cause the presentation of disfigured data and on the other hand it can become a

significant restraint in fulfilling the support objectives. We advise the revision of this requirement.

4.4 Intervention logic of each measure applied

The aim of this chapter is to study the intervention logic of each measure applied.

Intervention logic creates a logic base and connection between measures and objectives through analysing inputs and outputs on the one hand and results and impacts on the other hand.

4.4.1 Proposals (to the ERDP draft of 16 June 2006)

1. We advise the specification of content in supportive actions of information measures in measure 3.3.1.1 (In-service training, retraining and information measures for persons employed in the agricultural, food and forestry sector) by explaining the nature of spreading scientific knowledge and innovative traditions.
2. We advise the complementation of supportive actions in measure 3.3.1.3 (Development of advisory services and the use of advisory services by agricultural producers and private forest owners active in agricultural production) by advising workforce left from agriculture, being important in view of preserving rural community.
3. The supportive actions of implementing food quality schemes in measure 3.3.1.6 (Adding value to agricultural and forestry products) are regulated by measures 3.3.1.9. (Supporting agricultural producers involved in food quality schemes) and 3.3.1.10 (Food quality schemes – informational and promotional activities). Therefore we advise leaving this clause out of the list of actions.
4. It is unnecessary to add restrictions following the non-implementation of Art 43 of Council Regulation (EC) No 1698/2005 to the supported target group in measures 3.3.2.5 (Afforestation of water protection area) and 3.3.2.6 (Establishment of fast-growing forest culture on agricultural land). We advise leaving these restrictions out.
5. Recurrent references to the EU regulations occur in measures 3.3.2.5 (Afforestation of water protection area) and 3.3.2.6 (Establishment of fast-growing forest culture on agricultural land). In the interest of readability, we advise to replace references with regulation requirements.
6. We advise making measure 3.3.3.1 (Diversification of the rural economy) bipolar when it comes to workforce problems. On the one hand, it should support people (incl. young people) starting work in rural area and their training in agricultural holdings. On the other hand, it should support enterprises in creating living conditions to new employees (incl. trainees).
7. We advise the complementation of supportive actions in measure 3.3.3.2 (Village renewal and development) by building establishments besides buildings to improve the living environment of villages.

4.4.2 Proposals (to the ERDP draft of 20 October 2006)

1. In supportive actions in measure “Training and information activities” (111) the concept of complementing training materials remains obscure. We advise the specification of this phrase.

2. We advise to consider the aspect of e-training in measure “Training and information activities” (111) being a considerably wide training system involving different operations (a system of course materials, pictures, slides, videos, training and control tests for individual training, feedback and general administration) and needing maintenance. We advise the specification of supportive actions in e-training.
3. We advise to specify the nature of structural rearrangement (either age-specific or organisational) in description of supportive actions in measure “Support for setting up of young agricultural producers” (112).
4. In supported actions of submeasure I in measure “Support for advisory system and services” (114, 115) we advise either to specify or leave out actions improving working environment. Currently the action listed is very general and can become unsupportive of the measure objective.
5. In supported actions of submeasure III in measure “Modernisation of agricultural holdings” we advise to add a clause supporting universally any kind of purchase or production of machinery and equipment designed to produce biomass and/or bioenergy for in-house use.
6. In specific requirements of submeasure “Environmentally friendly management in nitrate-vulnerable area” the obligation to preserve valuable landscape elements is highlighted. We advise adding the definition and description of this concept.
7. Submeasure “Organic farming” includes a claim on the applicant’s fruit garden and berry patch should be maintained according to requirements. We advise the specification of requirements in view.

4.5 Balance among the measures applied in view of objectives pursued

The aim of this chapter is to study the balance among the measures applied in view of objectives pursued.

4.5.1 Proposals (to the ERDP draft of 16 June 2006)

1. In view of the objective, we advise the specification of supported actions in measure 3.3.1.2 (Support for setting up of young agricultural producers) based on two aspects: Actions supporting taking over (structural adjustment) of the enterprise; actions supporting setting up an enterprise.
2. In measure 3.3.1.3 (Development of advisory services and the use of advisory services by agricultural producers and private forest owners active in agricultural production) we advise to consider the aspect of advisory system consisting of two parts – adviser and consumer of advice. Developing advisory system means developing both parts, currently the developing actions of the adviser uncovered in this measure. We advise to include also the developing actions of the adviser.
3. We advise the specification of supported actions and their intervention range in measure 3.3.1.4 (Modernisation of agricultural holdings).
4. We advise to consider shortening previous operation period in minimum requirements for an applicant in measure 3.3.3.1 (Diversification of the rural economy), since the two necessary years of previous operation can restrict new enterprises.
5. We advise the complementation of target group receiving the support in measure 3.3.3.1 (Diversification of the rural economy) by entrepreneurs in size group ESU 2, to contribute widely to the expansion of enterprise.

6. We advise the specification of diversifying agricultural producers in measure 3.3.3.1 (Diversification of the rural economy) and set its minimal requirements. This measure reflects currently a strategic approach.
7. We advise the specification of actions encouraging tourism in measure 3.3.3.1 (Diversification of the rural economy).
8. We advise to turn the objective of Art. 8 of Chapter 3.1 in the ERDS into a recurring objective in three different measures (3.3.1.4, 3.3.1.5 and 3.3.1.6), where measure 3.3.1.4 targets the production of bioenergy from agricultural non-food raw materials and measure 3.3.1.5 targets the production of bioenergy from raw materials from forestry.

4.5.2 Proposals (to the ERDP draft of 20 October 2006)

1. We advise to specify the forestry products being non-wood products in the name, objective, specific objectives and actions of measure “Adding value to agricultural products” (123), otherwise it overlaps with measure “Improving the economic value of forests and adding value to forestry products” (122, 123, 226).
2. In the third clause of minimum requirements for an applicant of measure ”Support for setting up of young agricultural producers” (112), connections between Council Regulation (EC) No 1698/2005 and other rural development measures are presented. We advise the specification of the requirement and the implementation of these measures by a young agricultural producer.
3. The supportive actions of submeasure “Investments into the development of micro agricultural producers” present a possibility to purchase used machinery. We advise the specification of implementing the action: for which (how old) machines is the purchase justified. Therefore a problem of defining a justified value of assets and using it in an uneconomical way can occur in applying for the support.

5. EXPECTED IMPACTS OF THE MEASURES APPLIED

The aim of this chapter is to study the socio-economic and environmental impacts of planned measures, how the impacts are revealed over time, which are the potential conflicts between different impacts and who are the stakeholders positively or negatively affected by the programme.

The evaluation of the benefits related to pursuing the objectives of the ERDP does involve only directly measurable monetary costs or gains, but also more indirect gains and losses related to changes in the socio-economic environment.

The aim of the socio-economic analysis is to evaluate the socio-economic purpose of the measures to be applied. The impact of every measure on agricultural entrepreneur, producer, consumer, tourism and the state as a whole is analysed in evaluating the socio-economic impact. According to the expert group, the chosen interest groups (the stakeholders) are the groups on whom the measures to be applied have direct or indirect impacts. To evaluate the environmental impact, a strategic evaluation of environmental impacts is conducted during the ex-ante evaluation and therefore this chapter concentrates mainly on socio-economic impacts.

Conducting a socio-economic analysis is complicated, since the systematic collection and analysing of relevant statistic data has not been currently carried out in Estonia. In addition to utilitarian values, non-market or non-utilitarian values are included in implementing the ERDP. Socio-economic analyse covers the impact of utilitarian and non-utilitarian values on the measures.

Non-utilitarian values are characterized by the following factors:

- Does not assume the direct physical consumption of resources
- Consumption does not result in direct financial gain;
- Is generally not subjected to the market law;
- Benefits more global than local;
- Influences the quality of life;
- Benefits financially hard to express.

Utilitarian values are characterized by following factors:

- Opportunities of direct physical consumption of resources;
- Consumption generally results in direct financial gain;
- Price is subjected to the market law;
- Benefits are local;
- Benefits financially easy to express.

The expert group of the ERDP evaluated the utilitarian and non-utilitarian values of the measures (see table 1). Possible socio-economic impacts were listed across measures by describing the source of the impact (for example, increase in employment rate, increase in competitiveness, etc.) and establishing the range of impact on the scale:

- Large (covering indicatively 2/3 of the observed target group, direct financial impact manifested right after the implementation of the measure);
- Minimal (covering indicatively 1/3 of the target group, indirect financial impact manifested some time after the implementation of the measure);

- None (no effect on target group, no direct or indirect financial impact).

Since the measure baselines have not been highlighted in the ERDP (see Chapter 8.2), the quantitative evaluation of socio-economic impact of the measures is impossible.

Table 1. Socio-economic impact of the Estonian Rural Development Plan 2007–2013

Axis I

Measure/Impact	Agricultural producers	Dealers/processors of agricultural products	Consumers	Tourism	State
Axis I. Improving the competitiveness of the agricultural and forestry sector					
Training and information activities	Increased competitiveness (large) (for example, renewed products) Increased production efficiency (large) Starting to use innovative solutions (minimal)	Increased competitiveness (large) Starting to use innovative solutions (minimal)	Improved product quality (minimal) Wider stock variety (minimal)	No direct impact	Increased tax revenues (minimal)
Support for setting up of young agricultural producers	Creating new jobs (large) for example creating new enterprises Increase in income (large) Population ageing in rural areas decelerates (minimal)	Increased employment opportunities (minimal) Increased income (minimal)	Wider stock variety (minimal)	No direct impact	Decreased unemployment (minimal) Decreased social support rate (minimal) Increased tax revenues (minimal)
Support for advisory system and services	Increased competitiveness (large)	Increased competitiveness (large)	No direct impact	No direct impact	Ensured sustainability of agriculture (minimal)

Modernisation of agricultural holdings	Increased competitiveness (large) Increased production efficiency (decreased cost price)(large) Diversification of agricultural activities (large) Preserving jobs (large) Creating new jobs (minimal) Increased financial risks (interest costs) in relation to investing (minimal)	Improved product quality (large) Preserving jobs (minimal)	Fresher, improved quality products (large) Wider assortment (large)	No direct impact	Increased tax revenues (minimal) Decreased social support rate (minimal) Increased relative importance of green energy in energy balance (minimal)
Improving the economic value of forests and adding value to forestry products	Increased competitiveness (large) Increased self-financing capacity (large) Balancing incomes (large) Preserving jobs (large) Improved quality of raw material (large)	Increased competitiveness (large) Improved quality of raw material (large)	Wider assortment (large) (for example new wood-based products)	No direct impact	Increased tax revenues (minimal) Decreased social support rate (minimal)
Adding value to agricultural products	Increased competitiveness (large) Increased profitability (large)	Increased competitiveness (large)	Improved product quality (minimal)	No direct impact	Increased tax revenues (minimal)
Development of new products, processes and technologies in the sectors of agriculture, food and forestry	Increased competitiveness (large) Increased production efficiency (large)	Increased competitiveness (large)	Improved quality (minimal)	No direct impact	Increased tax revenues (minimal) Increased co-operation between enterprises and scientific institutions (minimal)

Infrastructure of agriculture and forest management	Preservation/increase in usable agricultural area (large) Ensuring production efficiency (large)	No direct impact	No direct impact	No direct impact	Preserved tax revenues (minimal)
Axis II. Improving the environment and the countryside					
Support for less-favoured areas	Preserved incomes (large) Preserved jobs (large)	No direct impact	Wider assortment (supporting the widening of assortment by organic producing– niche products) (minimal)	Increased tourism due to the preserved landscape diversity (minimal)	Tax revenues through preserved jobs (minimal) Preserved settlement of locality (large)
Natura 2000 support for agricultural land	Preserved incomes (large)	No direct impact	No direct impact	Increased tourism due to the preserved landscape diversity (minimal)	Tax revenues through preserved incomes (minimal) Decreased social support rate (minimal)
Natura 2000 support for private forest land	Preserved incomes (large)	No direct impact	No direct impact	Increased nature-tourism (minimal)	Tax revenues through preserved incomes (minimal) Decreased social support rate (minimal)
Agri-environmental support	Preserved incomes (large) Increase in environmental knowledge (large)	Preserved incomes (minimal)	Wider assortment (supporting the widening of assortment by organic producing– niche products) (minimal)	Increased tourism in rural areas (minimal)	Tax revenues through preserved incomes (minimal) Decreased social support rate (minimal)
Support for non-	Increase in soil fertility (large)	No direct impact	No direct impact	Increased tourism through preserving	Tax revenues through preserved incomes

productive investments	Increase in production volume (large) Preserved incomes (large)			the historical and cultural value of landscape (minimal)	(minimal) Decreased social support rate (minimal)
Establishment of protection forest	No direct impact	No direct impact	No direct impact	No direct impact	No direct impact
Establishment of energy shrubs	Preserved incomes (large) Preserved jobs (large)	No direct impact	Wider raw fuel (fuel) assortment (minimal)	No direct impact	Increased relative importance of green energy in energy balance (minimal)
Axis III. The quality of life in rural areas and diversification of the rural economy					
Diversification of the rural economy	Creating new jobs (large) Diversification of rural enterprise (creating new small enterprises in rural areas)(large) Ensuring sustainability (large)	Creating new jobs (large) Diversification of rural enterprise (large) Ensuring sustainability (large)	Wider service/product assortment in rural area (large) Better availability of services (large)	Development of tourism in rural area (minimal)	Increased employment rate in rural area (large) Increased tax revenues (minimal) Diversification of rural enterprise (large)
Village renewal and development	Creating new jobs (large) Diversification of forms of rural enterprise (for example cooperatives, non-profit associations) (large) Ensuring sustainability	Creating new jobs (large) Diversification of forms of rural enterprise (for example cooperatives, non-profit associations)(large)	Better availability of services (large)	Increased tourism in rural areas (minimal)	Increased employment rate in rural areas (large) Increased tax revenues (minimal) Diversification of rural enterprise

	(large)	Ensuring sustainability (large)			(large)
Leader	Creating new jobs (large) Diversification of rural enterprise (large) Increased joint activity (large)	Creating new jobs (large) Diversification of rural enterprise (large) Increased joint activity (large)	Better availability of services (minimal)	Increased tourism in rural area (minimal)	Increased employment rate in rural area (large) Increased tax revenues (minimal) Diversification of rural enterprise (large)

The potential conflicts between socio-economic impacts are very minimal or in most cases – none. Potential conflicts between socio-economic impacts can occur with the increase of environmental and agricultural economic activity. Ensuring a balanced development of different regions can turn out to be difficult. Influenced by economic interests, the concentration of agriculture on fertile watershed areas having historically better developed settlement and infrastructure, can continue. One of the objectives of the development plan is to use all co-operation possibilities to preserve the attractiveness and employment of less developed rural area.

When the coordination of implementing different development plans cannot be ensured, it is not impossible that the environmental measures of the ERDP cannot relieve the negative environmental impacts of the overall agricultural development. Therefore, to maintain good status of the environment in regions of intensive agricultural production, compensating costs on account of other sectors are necessary. For example, the increased costs of providing water supply for residents of low density area and increased costs for reconditioning water bodies and restoring fish resources.

6. VALUE ADDED OF THE COMMUNITY INVOLVEMENT

6.1 Taking into account the principles of subsidiarity and proportionality

According to the principles of subsidiarity, we advise the implementation of the ERDP 2007–2013 on the closest level possible to the citizens, enabling the fulfilment of its objectives. Following this principle, the European Union will intervene in the implementation of its members' development plans in point where its actions are more efficient than those of its members. Following Article 7 of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), member states will be responsible for the implementation of rural development programmes on the relevant territorial level according to their institutional procedure.

The principles of proportionality are very similar to the principles of subsidiarity, in terms of the ERDP referring to the fact that every application level, including the Community, implements only these actions with the development plan that cannot be implemented on a closer level to citizens.

According to the Rural Development Strategy, one of the objectives of the ERDP is to increase subsidiarity i.e. increase local responsibility step by step. Therefore the measures of the ERDP 2007–2013 are implemented by integrated approach on two main levels – national and local – using Leader-decision-making process to achieve objectives of other axes.

The involvement of the Community institutions in implementing the ERDP extends beyond the programme, meaning the Commission plays an important part in approving the monitoring and evaluation reports on the implementation of the ERDP, with a view to ensure the purposeful use of the EU funds and timely fulfilment of the objectives.

The ERDP 2007–2013 was drafted in clear sense of taking full responsibility for its implementation. The need for revealing the implementing institution, paying agency, certifying institution and the need for involving other institutions, is acknowledged. Since these institutions, along with the Republic of Estonia in general, have the responsibility of successfully carrying out the programme, it is important to ensure the existence of legal acts and clear and precise implementation procedures marking the responsibility boundaries drawn from thoroughly analysed lessons from implementing SAPARD, structural funds and other rural development plans.

6.2 To what extent have the Community objectives been taken into account?

Main Community objectives in promoting and funding rural life are:

- improving the competitiveness of agricultural and forestry sector by restructuring, development and innovation;
- improving the environment and landscape by land management;
- improving the quality of life in the rural area and diversifying the economy;
- Leader.

These main goals make up the core of the Community rural development policy strategic guidelines. The rural development plans of the union members (including the ERDP 2007–2013) are divided to axes, following the same principle. The axes are in turn divided to

measures and the latter has general and specific objectives set to it. Basically, the objectives of measures support the goals of the ERDP 2007–2013 and therefore also the strategic objectives of the Community.

The Community strategic guidelines focus on fulfilling the objectives of Lisbon and Gothenburg in promoting rural life.

The Lisbon action plan is focused on economic growth and creating jobs, therefore enabling better social cohesion. According to rural development strategy, this strategy will help to reach the Lisbon objectives on competitiveness, economic growth and creating jobs through axes I and III and the objective on creating environmentally friendly living environment through axis II. Following the Community objectives, the importance of Leader-approach lies in the delegation of decision-making to a local level, thereby helping to improve co-operation between sectors and to take into account local conditions in reaching the objectives.

The core of the Gothenburg objectives is sustainable development and reversal of the decline in biological diversity: according to the conclusions of the European Council which met in Gothenburg, economy has to grow parallel to the sustainable use of natural resources thereby preserving biological diversity. Following the rural development strategy, the measures of axis II in the ERDP are used to preserve and develop biological diversity, environmentally friendly agricultural and forestry systems and traditional agricultural landscape and also to integrate objectives related to water and climate change.

In conclusion, the relevant Community objectives have sufficiently been considered in the ERDP.

6.3 To what extent is the programme in conformity with other interventions and how is their synergy ensured?

According to Article 5 of the Regulation, EAFRD was created to complement national, regional and local measures and the Commission and member states are responsible for the coordination between support from different funds, namely ERDF, ESF, CF, European Fisheries Fund and other financial resources. In addition, the consistency with European Agricultural Guarantee Fund (EAGF) has to be ensured, following the Regulation.

Chapter 10 in the ERDP provides that complementarity and avoidance of overlapping should be ensured in carrying out the ERDP, mainly by other structural resources budgeted by the European Union in fiscal period 2007–2013, carried out by sectoral implementation plans. The draft brings examples of the integrity and complementarity of the ERDP measures with other measures implemented by other development plans. According to the Regulation, rural development strategy and rural development plan manifest taking the responsibility for ensuring coordination and avoiding duplication by main programmes and financial resources. We advise the specification of information on the coordination between the involvement of the ERDP and the European Investment Bank and other financial instruments of the Community.

The ERDS declares that in the fiscal period 2007–2013, the EU funds supporting agriculture and fishery do no longer belong under structural funds, but there are close connections between the EAFRD, EFF and structural funds in supportive actions. For example, actions for

increasing employment rate, improving the development of enterprise, improving living environment, etc. are planned with the support from all those funds. According to strategy, it is necessary to pay attention to coordinated actions avoiding duplicate actions and achieving synergy in planning as well as carrying out the programmes.

When planning the expenditures, the coordination mechanisms described in the strategy include the inter-participation of representatives of the ministries in charge of drafting the programme documents in planning of financial expenditure of other operational programmes, constant communication between corresponding ministries and integration of the planning of different foreign expenditures into the drafting process of the National Strategy Plan, thanks to which all expenditures are viewed together and their use is harmonized in making of budgetary decisions. The keyword here is constant communication, which basically covers all described actions. The exact content, list of procedures and responsible persons of the communication should be precisely regulated due to its importance.

According to the ERDS, planned coordination devices cover the integral planning of financial resources meeting the requirements of the National Strategy Plan, involving all related ministries and economic and social partners in the work of the monitoring committee, communication and information availability in drawing up legal documents, releasing the list of approved projects and organizing trans-regional and trans-strategic evaluations. Assembling a broad-based monitoring committee and organizing its efficient performance and tran-regional and trans-strategic evaluations and releasing the evaluation results, should be efficient devices in avoiding duplication in carrying out different programmes.

6.4 Which additional effects can be attributed to the programme?

One important complementary effect resulting from the involvement of the Community to be attributed to the ERDP 2007–2013 is the significant experience in drafting, implementing, monitoring and evaluation of rural development plans, being invaluable after the Community support to the given field has stopped. Persons related to carrying out projects, measures, and the whole programme and other partners involved in the monitoring committee and other operations gain valuable experience.

In addition to gaining experience, the implementation of the development plan is a good opportunity to make contacts. Creating the planned National Rural Network also contributes to the latter. According to the ERDS, institutions and organizations representing the beneficiaries of the programme and regionally and nationally involved organizations related to the implementation of the programme or the organizations developing rural life being influenced by the programme's objectives are involved in the operation of the National Rural Network. In addition to contacts and experience in Estonia, the opportunity to create contacts and share and gain experience across Europe presents itself.

If the requirement of publication applied to all support programmes of the EU, is carried out in sufficient forethought and efficiency, the European Union and its opportunities come closer to all people living in rural area, growing more perceptible and reliable. All participants related to the developing plan play an important part in ensuring reliability, their duty being to guarantee the transparency and justness of chosen projects and an efficient control over purposeful use of resources.

7. ACHIEVING COST-EFFECTIVENESS

7.1 Assumptions on which the expenditures of the programme are based on

According to Article 69 of Council Regulation (EC) No 1290/2005, the guideline amount of Commission's rural development support between 1 January 2007 and 31 December 2007, its annual distribution and minimum amount focused on support-eligible regions, is set by the Commission in conformity with the financial perspective 2007–2013 and with inter-institutional agreement on amending the budgetary procedure and budget discipline in the same period.

Costs planned for the programme are in current prices and the amounts are adjusted with 2% index according to Article 69 (3) of the Regulation. The economic growth in Estonia has been faster than the EU average. The evaluator advises the drafters of the ERDP to consider macroeconomic indicators of Estonia, based on the main macroeconomic indicators in Estonia 2007–2010 forecasted by the Ministry of Finance and to extend these projections according to trends. Following table 2 covers the main macroeconomic indicators in the Ministry of Finance summer 2006 macroeconomic forecast.

Table 2. Main macroeconomic indicators in the Ministry of Finance summer 2006 macroeconomic forecast.

	2004	2005	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013*
Construction price index	7,3%	8,4%	11,1%	8,6%	8,2%	7,6%	7,4%	7,3%	7,3%	7,3%
Average salary	7 287	8 073	9 170	10 261	11 265	12 281	13 337	-	-	-
Nominal wage growth rate	8,4%	10,8%	13,6%	11,9%	9,8%	9,0%	8,6%	8,6%	8,6%	8,6%
Consumer price index	3%	4,10%	4,5%	3,9%	4,2%	3,2%	3,1%	3,1%	3,1%	3,1%
Real GDP growth rate	8,1%	10,5%	9,6%	8,3%	7,7%	7,6%	7,4%	-	-	-

Source: MoF 2006 summer macroeconomic forecast, evaluator calculations

*forecasted indicators

Financial plan

Cost of axes

Maximum amount is applied to finance axis I and axis III, i.e. 75% of public sector support-eligible funds. According to Article 70 of Council Regulation (EC) No 1290/2005, the maximum amount of axis II and axis IV is 80% of public sector support-eligible funds.

Table 3. Funding of the Estonian Rural Development Plan 2007–2013 by axes.

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount

Axis 1	365 905 333	75%	274 429 000
Axis 2	356 757 700	75%	267 568 275
Axis 3	192 100 300	75%	144 075 225
Axis 4	91 476 333	75%	68 607 250
Technical assistance	38 115 138	75%	28 586 354
Total	952 878 473	75%	714 658 855

Following the interview with ARIB (20 November 2006), the evaluator advises to review the financing of axis IV (Leader), since supporting the allocated 1,4 billion EEK can be complicated and the support will not be used effectively.

Measure rates

Measure rates have been presented partly in Euros (EUR) as well as in Estonian kroons (EEK). For clarity, the evaluator advises to present all amounts in EUR and EEK.

In rating the support for measures of axes I, III, IV, Annex of Council Regulation (EC) No 1698/2005 is used on establishing the marginal rates of measures.

Additionally, the nature of main costs of measures (investments, machinery, equipment, labour cost) should be considered in planning the cost of measures of the programme and the relevant indicators should be fixed according to more precise macroeconomic indicator (construction price index, consumer price index, nominal wage growth rate, etc.).

Calculating the unit rates of supported measures in axis II, the producer's loss of income and additional costs due to planned action have been considered, since the measures of axis II are mainly of compensative nature.

Maximum support rates are missing in the following submeasures:

- Support for the establishment and restoration of stonewalls
- Support for growing plants of local varieties
- Support for raising animals of local endangered breeds
- Environmentally friendly management
- Support for the maintenance of Natura 2000 network semi-natural habitats

The marginal rates of support instituted in the Annex of Council Regulation (EC) No 1698/2005 have not been exceeded.

Technical assistance

In addition to budgetary resources, technical assistance funds (EAFRD 2007–2013 technical assistance funds) can be used in implementing the programme. These funds are used to

requisition research, the ex ante evaluation, etc. necessary for drafting the development plan. According to Article 5 of Council Regulation (EC) No 1290/2005, EAFRD can use up to 0,25% of its annual support on financing measures of preparation, monitoring, administrative support, evaluation and control in the initiative or on behalf of the Commission. In the initiative of the member state, actions related to preparation, supervision, monitoring, evaluation and control of the ERDP can be financed in up to 4% of the total amount designed for the programme. In case of the ERDP, the amount applied for technical assistance is the maximum – 4%.

7.2 Financial and human resource costs of the programme

The financial and human resource costs have not been pointed out in the ERDP. Therefore the financial and human resource costs cannot be evaluated. We advise to include financial and human resource costs of the programme considering that the managing institutions of the programme are the Ministry of Agriculture and ARIB.

Planning financial and human resource costs for measures

Planning financial and human resource costs for measures should start with defining the appropriate actions and planning their related costs. The cost forecast should be based on prices of 2006. In budgeting financial and human resource costs we advise to consider the completed financial plans for the respective measure (in case they exist).

Planning financial and human resource costs for measures could be planned according to the following cost categories:

- Investments – cost of construction, equipment, establishments, etc. (arising additionally with applying the measure);
- Cost of the so-called “soft” projects – ordered services (surveys, new IT solutions, including research and development, etc.);
- Employment costs (including all taxes);
- Other costs – administrative, rental, etc.

We advise to set the financing source or sources for applying every measure (for example, the state budget, the EU, enterprises, other sources) to avoid overplanning of costs.

In addition to the programme implementation costs drafted in 2006 prices, we advise to draft a financial and human resource cost forecast in future prices. The adjusting ratios by cost categories should also be included in the ERDP (for example, the macroeconomic indicators and forecasts of the Ministry of Finance summer 2006 macroeconomic forecast).

The evaluator advises to draw up an integrated methodology in budgeting financial and human resource costs and add the missing costs to the ERDP.

For more efficient planning of human resource costs, the implementing institution should present information on the measure to ARIB as early as possible, for it to be able to make timely necessary managerial decisions and plan its resources more effectively.

7.3 Can the expected results be achieved at a lower cost?

Since financial and human resource costs have not been included in the measures nor on the general level of the ERDP, the evaluation of cost planning efficiency is impossible. Based on the interview with ARIB on 20 November 2006, human resource is planned according to the need and complicity of measures. ARIB needs information on measures as early as possible, for more efficient planning of human resource and better management to prepare successful implementation of the programme.

8. MONITORING AND EVALUATION SYSTEM

8.1 Implementation of the monitoring and evaluation system

The monitoring system described in the ERDP generally meets the requirements set in Council Regulation (EC) No 1698/2005. The work of monitoring system, including reporting, is coordinated by management institution. The way inputs are put in the report and the main parts of the report are also described.

The description of monitoring and evaluation processes should be more systematic. Article 74 (3) in the aforementioned Regulation constitutes that the creation of appropriate management and control systems is a part of the state's obligations, enabling clear distribution of tasks and separation between the management institution and other authorities. The legal act regulating or planned to regulate the management systems of the ERDP, procedures in collecting and delivering monitoring information and evaluation procedures should be pointed out in the ERDP. Also the legal basis of actions and the main operating fields by institutions should be included. Since monitoring conducted in the ERDP is divided into axes, measures and projects, the institutions responsible for certain level of implementation and monitoring and the outputs indicating the responsibilities met (report presented, monitoring meeting held, etc.) should be clear.

Information should be more systematic in presented reports. The legal source of reporting obligation, which operating level requires reporting and who is responsible for presenting these and the information required to be covered in different level reports, should be clear.

The RDP describes the system of drawing up annual reports, i.e. the beneficiary presents the information on the project to the Paying Agency and the Paying Agency presents it to the Management Authority. We advise the specification of the rate of generalization on different levels. It would be natural, if the beneficiary presents information on the project, the Paying Agency presents a report generalizing the measure to the Management Authority and the task of the latter is to compile and present the Committee a report covering the whole programme. Thus the task of the Management Authority is to complement the report received from the Paying Agency with evaluations on the programme and fulfilling appropriate Community objectives and to give proposals to solve problems related to implementation.

Question arises, whether the programme's monitoring committee is enough, or monitoring or management committees should be formed by axes, to ensure the presenting of adequate information on necessary level of analyze and generalization as an input in the programme's monitoring committee and in drafting the annual report. The main responsibility areas and outputs indicating their fulfilment should be marked for actions of committees on each level.

The ERDP states that the monitoring committee's rules of procedure are drafted by the Management Authority, thereupon ratified by the monitoring committee. Section 1 in Article 77 constitutes that "the monitoring committee drafts its rules of procedure in the institutional, legal and financial framework of the relevant member state and passes it upon the agreement with the Management Authority". Therefore we advise to review the system of drawing up the rules of procedure.

Article 86 in the Regulation constitutes the principles of monitoring, mid-term and ex-post evaluations of the programme. The information on system planned for conducting the evaluation is insufficient in the ERDP. The system should cover the principles of managing the evaluation (who is the client that ordered the evaluation, the objectives of the evaluation, how the quality of the evaluation is ensured). We advise to clearly highlight the questions dealt with by every evaluation type (monitoring, mid-term and ex-post evaluations) and who

manages these evaluations and who carries them out in reality (authority, independent evaluator, etc.) and the purpose of use of the evaluation results. The forming of the evaluation management committee should be considered to ensure the preparation of the evaluations and the best possible use of the results in respect to the programme or axis. When nominating the membership of the management committee, the involvement of not only persons related to the ERDP or its certain axis should be considered, but also other persons with an evaluation experience should be invited to the management committee.

Estonian public sector is characterized by a high staff turnover and the problem of unavailability of the persons initially related to the implementation can occur especially in conducting the ex-post evaluation. The duty of the executives of the programme is to ensure the availability of documented and individual information on monitoring and evaluation at any time.

8.2 Input, output, result, baseline and impact indicators to be used for the evaluation of the programme and its success

According to Article 81 of the Council Regulation (EC) No 1698/2005, the development, efficiency and productivity of the programmes is measured in relation to their objectives (including specific objectives) with the help of indicators related to the initial situation and to the financial execution, productivity, results and impacts of the programmes. We advise to especially consider section 2 in this article, stipulating the baselines for defining the specific additional indicators of the programme. In enacting the given article, we advise to include indicators in measures for allowing the collection of monitoring data from the moment the application is presented, considering also the measurability of the specific objectives.

It is important to highlight baseline-, output-, result- and impact indicators for every measure.

Baseline indicators express the socio-economic and environmental situation on a certain point in time. They are divided in two:

1. **Objective-related baseline indicators** are directly related to the programme objectives. They are used as baseline indicators on evaluating the impacts of the programme.
2. **Context-related baseline indicators** provide information on important trends and developments having an impact on the functioning of the programme.

Output indicators measure actions directly applicable by the programme. They are measured in natural or financial indicators.

Result indicators measure the direct impacts of the measures.

Impact indicators measure the direct benefit to the receivers of the support, on the level of a certain measure as well as the programme in general.

Following the chain of principles, the hierarchy of indicators starts with **inputs** – financial or administrative resource creating the **outputs** of the programme actions. Direct outcome of interventions necessary for fulfilling specific objectives are **results**. **Impacts** should help to achieve the general objectives of the programme, having to respond to defined needs.

Indicators established to measure programme's progress towards the achievement of objectives have to be specific, measurable, achievable in a cost effective way, relevant for the programme and timely available.

Input indicators have been defined by the distribution of financial resources in the Estonian Rural Development Plan 2007–2013.

Table 4 covers the baseline, output, result and impact indicators by measures highlighted in the ERDP 2007–2013. For evaluating indicators, questions to be put to the evaluator were drawn up.

Questions to the evaluator:

1. Are all indicators covered in measures?
2. Do the indicators correspond to objectives?
3. Do the indicators form a sufficient base for monitoring and evaluation (are they realistic, measurable, etc.)?

Table 4. Baseline-, output-, result- and impact indicators by measures

MEASURE	TRAINING AND INFORMATION ACTIVITIES (111)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To support the in-service training and retraining of the people employed in the agricultural, food and forestry sectors, with the view to maintain their competitiveness on the labour market and to develop their enterprise.	n/a	Number of participants in training and information days: 10 000 persons in 2013. Number of training and information days annually: 400.	Number of participants who have successfully completed training: 8000	Share of managers of agricultural holdings with basic or full education (by 2013: 47%); Life-long learning (by 2013: 14%)
To support the dissemination of scientific information, scientific achievements and innovative practices among people engaged in agricultural, food and forestry sectors	n/a	Number of participants in training and information days: 10 000 persons in 2013. Number of training and information days annually: 400.	Number of participants who have successfully completed training: 8000	Share of managers of agricultural holdings with basic or full education (by 2013: 47%); Life-long learning (by 2013: 14%)
Answers to questions (see questions to the evaluator)	1. Baseline indicators are missing in the measure. 2. Presented indicators are in accordance with objectives. 3. The result indicator of the measure is set to be the number of participants who have successfully completed training, but it presumes the defining of qualification requirements. The implementing side of the result indicator remains unclear in the ERDP.			

MEASURE	SUPPORT FOR SETTING UP OF YOUNG AGRICULTURAL PRODUCERS (112)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To assist young agricultural producers in starting an agricultural holding	n/a	Number of young entrepreneurs supported: 250–280; Total amount of support payments: 12 400 000 EUR	Increase in agricultural value added of the supported enterprises (10%)	Share of net value added in purchasing power standard (PPS) (% of the average level of EU-25): 65% Change (increase) in value added per annual work unit: 10–15%
To expand employment opportunities to young people	n/a	Number of young entrepreneurs supported: 250–280; Total amount of support payments: 12 400 000 EUR	Increase in agricultural value added of the supported enterprises (10%)	Share of net value added in purchasing power standard (PPS) (% of the average level of EU-25): 65% Change (increase) in value added per annual work unit: 10–15%
To involve young people in the development of rural community	n/a	Number of young entrepreneurs supported: 250–280; Total amount of support payments: 12 400 000 EUR	Increase in agricultural value added of the supported enterprises (10%)	Share of net value added in purchasing power standard (PPS) (% of the average level of EU-25): 65% Change (increase) in value added per annual work unit: 10–15%
Further structural adjustments to enterprises of young agricultural producers	n/a	Number of young entrepreneurs supported: 250–280; Total amount of support payments: 12 400 000 EUR	Increase in agricultural value added of the supported enterprises (10%)	Share of net value added in purchasing power standard (PPS) (% of the average level of EU-25): 65% Change (increase) in value added per annual work unit: 10–15%
Answers to questions (see questions to the evaluator)	1. Baseline indicators of the measure are not presented and the number of people qualifying as young agricultural producers is unknown. 2. Existing indicators are in accordance with objectives. 3. Measuring impact and result indicators means the defining and collecting of appropriate monitoring data at an early stage (application).			

MEASURE	SUPPORT FOR ADVISORY SYSTEM AND SERVICES (114, 115)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators

Statutory management requirements and good agricultural and environmental conditions, provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003	The number of applications from private forest owners in 2005 – 217; expected number for 2006 – 500	Number of agricultural producers having received advice support payments by 2013 – 2500; Number of private forest owners having received advice support payments by 2013 – 500; Number of reorganized and active advisory centres by 2013 – 16	Increase in gross value added of the supported advisory centres 25%; Increase in gross agricultural value added of the supported agricultural and forestry holdings 10%	Change in gross value added per annual work unit 10–15%; Increase in labour productivity 10%.
Occupational safety requirements based on the EU legal acts	n/a	n/a	n/a	n/a
Improving the general performance of an agricultural holding, taking into account the economic, social and environmental aspects	The number of applications from private forest owners in 2005 – 217; expected number for 2006 – 500	Number of agricultural producers having received advice support payments by 2013 – 2500; Number of private forest owners having received advice support payments by 2013 – 500; Number of reorganized and active advisory centres by 2013 – 16	Increase in gross value added of the supported advisory centres 25%; Increase in gross agricultural value added of the supported agricultural and forestry holdings 10%	Change in gross value added per annual work unit 10–15%; Increase in labour productivity 10%.
Answers to questions (see questions to the evaluator)	<p>1. Baseline indicators on agricultural producers and advisory centres are not presented.</p> <p>2. Result indicators are presented, but are inappropriate for advisory centres – since gross value added can only be implemented on production enterprises. Given result indicators are inappropriate in evaluating this objective.</p> <p>3. Measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application). The base for monitoring and evaluation is insufficient, because baseline, output, result and impact indicators are partially undefined.</p>			

MEASURE	SUBMEASURE I OF MEASURE 121 – INVESTMENTS INTO THE DEVELOPMENT OF MICRO AGRICULTURAL PRODUCERS			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
Increase in the level of technology, modernisation of agricultural sector and improvement of product quality	n/a	Number of agricultural households supported – 300; Total volume of investments 900 million EEK	n/a	n/a
Contribution to the improvement of environment and animal welfare and to meeting relevant standards	n/a	Number of agricultural households supported – 300; Total volume of investments 900	n/a	n/a

		million EEK		
Maintenance of traditional cultural landscape by more environmentally friendly cultivation methods	n/a	Number of agricultural households supported – 300; Total volume of investments 900 million EEK	n/a	n/a
Contribution to the processing of self-produced agricultural produce and thus to the increase in the value added produced by agricultural producers	n/a	Number of agricultural households supported – 300; Total volume of investments 900 million EEK	n/a	n/a
Maintenance of employment and stimulation of the creation of new jobs in agriculture	n/a	Number of agricultural households supported – 300; Total volume of investments 900 million EEK	n/a	n/a
Answers to questions (see questions to the evaluator)	<p>1. Baseline indicators for agricultural producers are not presented in the submeasure.</p> <p>2. Presented indicators are insufficient (lacking baseline indicators, result indicators and impact indicators) and are not in full accordance with objectives.</p> <p>3. Measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application).</p>			

SUBMEASURE II OF MEASURE 121 – LONG-TERM INVESTMENTS OF AGRICULTURAL PRODUCERS				
MEASURE	BASELINE LEVEL		TARGET LEVEL	
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To improve competitiveness, incl. Promoting the implementation of new technologies and innovations	n/a	Number of agricultural households supported – 100 per year; Total volume of investments 400 million EEK	n/a	n/a
To contribute to the conformity with the requirements related to the improvement of environmental and occupational safety and animal welfare	n/a	Number of agricultural households supported – 100 per year; Total volume of investments 400 million EEK	n/a	n/a
Answers to questions (see questions to the evaluator)	<p>1. Baseline indicators not presented.</p> <p>2. Presented indicators are insufficient (no baseline, result or impact indicators) and they are not in full accordance with objectives.</p> <p>3. Measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently being insufficient.</p>			

MEASURE	SUBMEASURE III OF MEASURE 121 – INVESTMENTS INTO THE PRODUCTION OF BIOENERGY			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
New market for agricultural producers	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Competitiveness (i.e. increase in income) of agricultural producers	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Maintenance of the environment	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Maintenance of landscape	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Supply certainty of raw material for energy production	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Diversity of energy sources	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a

Distributed energy production	n/a	Number of agricultural households supported: 30 per year; Total volume of investments 120 million EEK/per year (7,6 million €/per year)	n/a	n/a
Answers to questions (see questions to the evaluator)	<p>1. Baseline indicators on agricultural producers are not presented.</p> <p>2. Presented indicators are insufficient (no baseline, result or impact indicators) and they are not fully in accordance with objectives.</p> <p>3. Measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application).</p>			

MEASURE	IMPROVING THE ECONOMIC VALUE OF FORESTS AND ADDING VALUE TO FORESTRY PRODUCTS (122, 123, 226)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To improve the production potential of forest, in order to improve the species composition	Around 1 million ha of private forest land; 70 000 private forest owners	Number of applicants: 3000; Total volume of investments: 170 million EEK	Improving the production potential of forest and increasing the value of forest – 30 000 ha	n/a
To improve the production potential of forest, in order to preserve the ecological values of forest and to increase the value of trees left to grow	Around 1 million ha of private forest land; 70 000 private forest owners	Number of applicants: 3000; Total volume of investments: 170 million EEK	Improving the production potential of forest and increasing the value of forest – 30 000 ha	n/a
To improve the average profitability of forest management	Around 1 million ha of private forest land; 70 000 private forest owners	Number of applicants: 3000; Total volume of investments: 170 million EEK	Improving the production potential of forest and increasing the value of forest – 30 000 ha	n/a
Diverse and sustainable management of forest resource	Around 1 million ha of private forest land; 70 000 private forest owners	Number of applicants: 3000; Total volume of investments: 170 million EEK	Improving the production potential of forest and increasing the value of forest – 30 000 ha	n/a
Prevention of game damages, plant diseases and pest damages	Around 1 million ha of private forest land; 70 000 private forest owners	Number of applicants: 3000; Total volume of investments: 170 million EEK	Improving the production potential of forest and increasing the value of forest – 30 000 ha	n/a
Restoration of the production potential of forest damaged by natural disasters or forest fires	n/a	Number of applicants: 300; Total volume of investments: 55,4 million EEK	Restoration of forest damaged by natural disasters and forest fires – 3500 ha	n/a

Prevention of forest fires	n/a	Number of applicants: 300; Total volume of investments: 55,4 million EEK	Restoration of forest damaged by natural disasters and forest fires - 3500 ha	n/a
To improve the general performance, competitiveness and export potential of micro-enterprises processing forestry products (except non-wood processing industry)	n/a	Number of applicants: 200; Total volume of investments: 116 million EEK	Area covered by the activities of the prevention of forest fires, game damage, plant diseases and pest damage – 7000 ha	n/a
Introduction of new products, processing methods and technologies	n/a	Number of applicants: 200; Total volume of investments: 116 million EEK	Area covered by the activities of the prevention of forest fires, game damage, plant diseases and pest damage – 7000 ha	n/a
Better/full use of forest resource	n/a	Number of applicants: 200; Total volume of investments: 116 million EEK	Area covered by the activities of the prevention of forest fires, game damage, plant diseases and pest damage – 7000 ha	n/a
To increase the value added of forestry products	n/a	Number of applicants: 200; Total volume of investments: 116 million EEK	Area covered by the activities of the prevention of forest fires, game damage, plant diseases and pest damage – 7000 ha	n/a
Answers to questions (see questions to the evaluator)	<p>1. Baseline indicators on agricultural producers are not presented.</p> <p>2. Presented indicators are insufficient (no baseline or impact indicators) and they are not fully in accordance with objectives.</p> <p>3. Measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application).</p>			

MEASURE	ADDING VALUE TO AGRICULTURAL PRODUCTS (123)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To bring agricultural and forestry produce processing industry into conformity with changing market requirements	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%

More efficient use of by-products, supplementary products and processing waste generated in the course of production	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To ensure the sustainability of the environment and energy savings	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To promote investments into innovation	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To promote the application and spread of information and communication technology	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To promote the production of biofuels and the use of bioenergy	n/a	Number of enterprises supported: 70; Total volume of investments: 1,4 billion EEK	Number of enterprises producing new products or applying new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
Answers to questions (see questions to the evaluator)	1. Baseline indicators missing. 2. Presented indicators are in accordance with objectives. 3. Monitoring and evaluation requires the existence of baseline indicators.			

MEASURE	DEVELOPMENT OF NEW PRODUCTS, PROCESSES AND TECHNOLOGIES IN THE SECTORS OF AGRICULTURE, FOOD AND FORESTRY (124, 132, 133)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To promote research and development activities and innovation among the raw material producers of the agricultural, food and forestry sectors and the agricultural and forestry	n/a	Number of supported co-operation projects: 25	n/a	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work

produce processing enterprises				unit: 10%
To develop new products of high sales potential and/or export potential (incl. high quality foodstuffs and non-food products with high value added, produced from agricultural and forestry products), and to develop innovative processes and technologies, in order to improve the performance of the sector enterprises and to ensure the sustainability of the environment and energy savings	n/a	In section "Support for participation in food quality schemes": Number of supported agricultural producers participating in food quality schemes: 200	Number of enterprises producing new products or using new technologies: 20	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To improve the quality of foodstuffs, incl. the development of food quality schemes and the promotion of their application to ensure the customer gets a high quality product or production process	n/a	In section "Support for the promotion of food quality schemes and for the appropriate information": Number of supported activities: 5 schemes	Higher value of agricultural products produced under the approved food quality schemes: by 10%; Share of the value of agricultural products with approved quality mark in the total value of production: 5%	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To notify the customer of the existence and difference of the products involved in food quality schemes	n/a	n/a	Higher value of agricultural products produced under the approved food quality schemes: by 10%;	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
To improve the quality of raw materials	n/a	n/a	n/a	Share of net value added in purchasing power standard 60% of the EU-25 average; Change in gross value added per annual work unit: 10%
Answers to questions (see questions to the evaluator)	1. Baseline indicators not presented, need to complement output and result indicators. 2. Presented indicators are in accordance with objectives. 3. Presented indicators are realistic and measurable.			

MEASURE	INFRASTRUCTURE OF AGRICULTURE AND FOREST MANAGEMENT (125)	
	BASELINE LEVEL	TARGET LEVEL

Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To unify the production conditions of agriculture and private forestry in rural area, diminishing the agricultural production risks resulting from unfavourable hydrological regime, and increasing the productivity of private forests and the quality of wood	n/a	Number of supported projects: 270 Total volume of investments: 738 million EEK	Environmental protection facilities constructed, reconstructed and renovated: 180	Land improvement systems fixed up: 85 000 ha
To improve access to agricultural and private forest land	n/a	Number of supported projects: 270 Total volume of investments: 738 million EEK	Roads constructed, reconstructed and renovated: 200 km	Land improvement systems fixed up: 85 000 ha
To reduce local floods	n/a	Number of supported projects: 270 Total volume of investments: 738 million EEK	Environmental protection facilities constructed, reconstructed and renovated: 180	Land improvement systems fixed up: 85 000 ha
To minimize the spread of pollution on drained land and increase the self-cleaning capacity of recipients	n/a	Number of supported projects: 270 Total volume of investments: 738 million EEK	Environmental protection facilities constructed, reconstructed and renovated: 180	Land improvement systems fixed up: 85 000 ha
Answers to questions (see questions to the evaluator)	<p>1. Baseline and impact indicators missing. Currently presented impact indicator is an output indicator.</p> <p>2. Presented indicators are in accordance with objectives.</p> <p>3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing. Monitoring and evaluation assumes the defining of correct baseline and impact indicators.</p>			

MEASURE	SUPPORT FOR LESS-FAVOURLED AREAS (212)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To maintain and improve the environment and the countryside	Approximately 50% of the total area of Estonia	Area of supported agricultural land: 400 000 ha; Number of applicants: 9000	n/a	n/a
To maintain and promote systems of sustainable agricultural production	Approximately 50% of the total area of Estonia	Area of supported agricultural land: 400 000 ha; Number of applicants: 9000	n/a	n/a

Answers to questions (see questions to the evaluator)	<p>1. Result and impact indicators missing. Total volume of investments to be added to output indicators.</p> <p>2. Presented indicators are in accordance with objectives.</p> <p>3. Monitoring and evaluation assumes the existence of result and impact indicators.</p>
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MEASURE	NATURA 2000 SUPPORT FOR AGRICULTURAL LAND (213)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To ensure conformity with nature protection requirements in Natura 2000 network areas	66 bird areas, 509 nature areas; Agricultural land on Natura 2000 network areas: 55 000 ha	Area of supported agricultural land: 38 000 ha; Number of applicants: 1500	n/a	n/a
To maintain agricultural activity in Natura 2000 network areas	66 bird areas, 509 nature areas; Agricultural land on Natura 2000 network areas: 55 000 ha	Area of supported agricultural land: 38 000 ha; Number of applicants: 1500	n/a	n/a
To contribute to coping with handicaps, resulting from Council Directives (79/409/EEC and 92/43/EEC) (bird and nature directives)	66 bird areas, 509 nature areas; Agricultural land on Natura 2000 network areas: 55 000 ha	Area of supported agricultural land: 38 000 ha; Number of applicants: 1500.	n/a	n/a
To promote the efficient management of Natura 2000 areas	66 bird areas, 509 nature areas; Agricultural land on Natura 2000 network areas: 55 000 ha	Area of supported agricultural land: 38 000 ha; Number of applicants: 1500	n/a	n/a
Answers to questions (see questions to the evaluator)	<p>1. Result and impact indicators not presented.</p> <p>2. Presented indicators are in accordance with objectives.</p> <p>3. Monitoring and evaluation assumes the existence of result and impact indicators.</p>			

MEASURE	NATURA 2000 SUPPORT FOR PRIVATE FOREST LAND (224)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To contribute to the sustainable use of private forest land located in Natura 2000 network area	80 000 ha private forest land	Number of applicants: 8000; Area supported: 65 000 ha per year	n/a	n/a
Answers to questions (see questions to the evaluator)	<p>1. Result and impact indicators not presented.</p> <p>2. Presented indicators are in accordance with objectives.</p> <p>3. Monitoring and evaluation assumes the existence of result and impact indicators.</p>			

MEASURE	SUPPORT FOR THE MAINTENANCE OF NATURA 2000 NETWORK SEMI-NATURAL HABITATS			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To preserve and improve biological and landscape diversity	Mowed wooded meadows: 1500 ha, alvars 9000 ha; maintained meadows 15 000 ha; wooded pastures: 3000 ha.	Supported area in 2007–2013: 40 000 ha	n/a	n/a
To contribute to sustainable development	Mowed wooded meadows: 1500 ha, alvars 9000 ha; maintained meadows 15 000 ha; wooded pastures: 3000 ha.	Supported area in 2007–2013: 40 000 ha	n/a	n/a
To maintain cultural heritage	Mowed wooded meadows: 1500 ha, alvars 9000 ha; maintained meadows 15 000 ha; wooded pastures: 3000 ha.	Supported area in 2007–2013: 40 000 ha	n/a	n/a
To motivate agricultural producers and other land users to implement primarily such land usage methods which preserve the natural environment and landscape	Mowed wooded meadows: 1500 ha, alvars 9000 ha; maintained meadows 15 000 ha; wooded pastures: 3000 ha.	Supported area in 2007–2013: 40 000 ha	n/a	n/a
Answers to questions (see questions to the evaluator)	1. Result and impact indicators not presented. Add the number of applicants to output indicators. 2. Presented indicators are in accordance with objectives. 3. Monitoring and evaluation requires the existence of result and impact indicators.			

MEASURE	SUBMEASURE I – ENVIRONMENTALLY FRIENDLY PRODUCTION IN NITRATE-VULNERABLE AREA			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To promote the introduction and continual use of environmentally friendly production methods in agriculture, in order to protect and increase biological and landscape diversity and to protect the status of water	Environmentally friendly production commitment area: ~450 000 ha; 5500 applicants	n/a	n/a	n/a

and soil				
To expand environmentally friendly planning in agriculture	Environmentally friendly production commitment area: ~450 000 ha; 5500 applicants	n/a	n/a	n/a
To increase the environmental awareness of agricultural producers	Environmentally friendly production commitment area: ~450 000 ha; 5500 applicants	n/a	n/a	n/a
Answers to questions (see questions to the evaluator)	1. Output, result and impact indicators not presented. 2. The concordance between indicators and objectives cannot be defined due to the missing indicators. 3. Monitoring and evaluation cannot be conducted without indicators.			

MEASURE	SUBMEASURE II – ENVIRONMENTALLY FRIENDLY MANAGEMENT			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To promote the introduction and continual use of environmentally friendly production methods in agriculture, in order to protect and increase biological and landscape diversity and to protect the status of water and soil	450 000 ha; 5500 applicants	n/a	n/a	n/a
To expand environmentally friendly planning in agriculture	450 000 ha; 5500 applicants	n/a	n/a	n/a
To increase the environmental awareness of agricultural producers	450 000 ha; 5500 applicants	n/a	n/a	n/a
Answers to questions (see questions to the evaluator)	1. Output, result and impact indicators not presented. 2. The concordance between indicators and objectives cannot be defined. 3. Monitoring and evaluation cannot be conducted without indicators.			

MEASURE	SUBMEASURE III – ENVIRONMENTALLY FRIENDLY MANAGEMENT IN NITRATE-VULNERABLE AREA			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators

To restrict the diffused pollution from agriculture	Nitrate- vulnerable areas: 3250 km ² ; incl. cultivated land: 1190 km ²	n/a	n/a	n/a
To maintain or improve the quality of surface and groundwater in a nitrate-vulnerable area	Nitrate- vulnerable areas: 3250 km ² ; incl. cultivated land: 1190 km ²	n/a	n/a	n/a
Answers to questions (see questions to the evaluator)	1. Output, result and impact indicators not presented. 2. Presented indicators are in accordance with objectives. 3. Monitoring and evaluation cannot be conducted without indicators.			

MEASURE	SUBMEASURE IV – ORGANIC FARMING			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To maintain and increase biological and landscape diversity and soil fertility	Organic farming land : 70 000 ha	n/a	Increase in organic farming land: 10 000 ha per year	n/a
To support the development of organic farming and to satisfy the growing consumer demand for organic products	Organic farming land : 70 000 ha	n/a	Increase in organic farming land: 10 000 ha per year.	n/a
To support and improve the competitiveness of organic farming	Organic farming land : 70 000 ha	n/a	Increase in organic farming land: 10 000 ha per year.	n/a
Answers to questions (see questions to the evaluator)	1. Result and impact indicators not presented. 2. Presented indicators are in accordance with objectives. 3. Monitoring and evaluation cannot be conducted without result and impact indicators.			

MEASURE	SUBMEASURE V – SUPPORT FOR RAISING ANIMALS OF LOCAL ENDANGERED BREEDS			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To ensure the conservation of local endangered breeds valuable for cultural heritage and genetic diversity	Number of mares in 2006: Estonian native horses: 760; Tori horses: 490; Estonian heavy draught: 105; Also 700 Estonian native cows; 216 Estonian quails in selection flock: 216 and 3007 in breeding flock	n/a	n/a	n/a

Answers to questions (see questions to the evaluator)	<ol style="list-style-type: none"> 1. All target level indicators are missing (output, result and impact indicators). 2. Indicators partially missing. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing.
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MEASURE	SUBMEASURE VI — SUPPORT FOR GROWING PLANTS OF LOCAL VARIETIES			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To ensure the preservation of important local plant varieties valuable for cultural heritage and genetic diversity	Sown area of “Sangaste” rye: 100 ha, “Haljas” meadow foxtail; “Lehis” awnless brome grass; “Pedja” reed canary grass: 3–10 ha in total	n/a	n/a	n/a
Answers to questions (see questions to the evaluator)	<ol style="list-style-type: none"> 1. All target level indicators are missing (output, result and impact indicators). 2. Indicators partially missing. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing. 			

MEASURE	SUBMEASURE I OF MEASURE 216 – SUPPORT FOR THE ESTABLISHMENT AND RESTORATION OF STONEWALLS			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To ensure the preservation of important local plant varieties valuable for cultural heritage and genetic diversity	In 2005, support applied for stonewalls: for the establishment of 41 048 m; for the restoration of 85 505 m and for the maintenance of 35 959 m.	n/a	n/a	n/a
Answers to questions (see questions to the evaluator)	<ol style="list-style-type: none"> 1. All target level indicators are missing (output, result and impact indicators). 2. Indicators partially missing. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing. 			

MEASURE	SUBMEASURE II OF MEASURE 216 – SUPPORT FOR LIMING OF
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AGRICULTURAL LAND				
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To preserve and improve soil structure	300 000 ha of cultivated area of Estonia needs liming	Number of supported projects a year: 450	Total area of acid soils to be limed in 2007–2013: 175 000 ha (25 000 ha per year)	n/a
To improve the resistance of plants to diseases and to improve the productivity of plants and the quality of plant produce	300 000 ha of cultivated area of Estonia needs liming	Number of supported projects a year: 450	Total area of acid soils to be limed in 2007–2013: 175 000 ha (25 000 ha per year)	n/a
To increase the population of micro-organisms in soil and to support the vital functions of earthworms	300 000 ha of cultivated area of Estonia needs liming	Number of supported projects a year: 450	Total area of acid soils to be limed in 2007–2013: 175 000 ha (25 000 ha per year)	n/a
To improve the water and air regime of soil	300 000 ha of cultivated area of Estonia needs liming	Number of supported projects a year: 450	Total area of acid soils to be limed in 2007–2013: 175 000 ha (25 000 ha per year)	n/a
To improve the recycling of processing waste and to decrease the load on the environment	300 000 ha of cultivated area of Estonia needs liming	Number of supported projects a year: 450	Total area of acid soils to be limed in 2007–2013: 175 000 ha (25 000 ha per year)	n/a
Answers to questions (see questions to the evaluator)	1. Impact indicators are not presented. 2. Indicators are insufficient, therefore the objectives are not met. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing.			

SUBMEASURE III OF MEASURE 216 – DEMOLITION OF AGRICULTURAL PRODUCTION BUILDINGS LEFT OUT OF USE				
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To promote the improvement and reconditioning of agricultural landscape by demolishing agricultural production buildings left out of use	n/a	Number of liquidated production buildings during the period: 800	n/a	n/a
Answers to questions (see questions to the evaluator)	1. Baseline, result and impact indicators not presented. 2. Indicators are insufficient, therefore the objectives are not fully met. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing.			

MEASURE	ESTABLISHMENT OF PROTECTION FOREST (221)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To ensure good status of the environment by the establishment of protection forests	n/a	Number of applicants: 100	Total area of protection forest established in 2009–2013: 1700 ha	n/a
Answers to questions (see questions to the evaluator)	1. Baseline and impact indicators not presented. 2. Indicators are insufficient, therefore the objectives are not fully met. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing.			

MEASURE	ESTABLISHMENT OF ENERGY SHRUBS (221)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To promote the growing of energy shrubs, in order to increase the quantities of bioenergy raw material, to ensure good status of the environment and to contribute to the alleviation of climate change	n/a	Number of applicants within the programming period: 200	Maximum possible area of the established energy shrubs during the programming period: 3700 ha	n/a
Answers to questions (see questions to the evaluator)	1. Baseline and impact indicators not presented. 2. Indicators are insufficient, therefore the objectives are not fully met. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application), currently missing.			

MEASURE	DIVERSIFICATION OF THE RURAL ECONOMY (311, 312, 313)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
Diversification of the activities of micro agricultural producers with non-agricultural rural enterprise	n/a	Number of beneficiaries: 1000; Total investments:- 600 million EEK/y; Number of supported tourism activities: 250 per year	Increase in the value added of non-agricultural activities of the supported enterprises: 10-15%; Increase in the number of tourists:	Number of jobs created: 500

			10%	
Development of non-agricultural micro-enterprises based on local resources and related to the improvement of the quality of life in rural area	n/a	Number of beneficiaries: 1000; Total investments: 600 million EEK/y; Number of supported tourism activities: 250 per year	Increase in the value added of non-agricultural activities of the supported enterprises: 10-15%; Increase in the number of tourists: 10%	Number of jobs created: 500
Contribution to making buildings habitable, in case of projects creating new jobs to alleviate the shortage of workforce	n/a	Number of beneficiaries: 1000; Total investments: 600 million EEK/y; Number of supported tourism activities: 250 per year	Increase in the value added of non-agricultural activities of the supported enterprises: 10-15%; Increase in the number of tourists: 10%	Number of jobs created: 500
Contribution to taking abandoned agricultural facilities and the buildings of agricultural production value into use again in production and services	n/a	Number of beneficiaries: 1000; Total investments: 600 million EEK/y; Number of supported tourism activities: 250 per year	Increase in the value added of non-agricultural activities of the supported enterprises: 10-15%; Increase in the number of tourists: 10%	Number of jobs created: 500
Promotion of the participation of the young and socially disadvantaged population groups in enterprise	n/a	Number of beneficiaries: 1000; Total investments: 600 million EEK/y; Number of supported tourism activities: 250 per year	Increase in the value added of non-agricultural activities of the supported enterprises: 10-15%; Increase in the number of tourists: 10%	Number of jobs created: 500
Answers to questions (see questions to the evaluator)	1. Baseline indicators not presented. 2. Presented indicators are in accordance with objectives. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application).			

MEASURE	VILLAGE RENEWAL AND DEVELOPMENT (321, 322, 323)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To strengthen local initiative, will to cooperate and social relationships	n/a	Number of activities supported: 2500; Total investments: 200 million EEK/y; Number of supported villages:	n/a	n/a

		3000; Number of cultural heritage projects: 350		
To develop social infrastructure	n/a	Number of activities supported: 2500; Total investments: 200 million EEK/y; Number of supported villages: 3000; Number of cultural heritage projects: 350	n/a	n/a
To maintain, restore and improve the living environment and cultural heritage of villages	n/a	Number of activities supported: 2500; Total investments: 200 million EEK/y; Number of supported villages: 3000; Number of cultural heritage projects: 350	n/a	n/a
To find new solutions for the improvement of the availability and sustainability of various services	n/a	Number of activities supported: 2500; Total investments: 200 million EEK/y; Number of supported villages: 3000; Number of cultural heritage projects: 350	Rural population benefiting from the improved services: 300 000	n/a
Answers to questions (see questions to the evaluator)	<p>1. "Accompanying full-time jobs being created" presented as an impact indicator, is a result indicator. Baseline, result (partially) and impact indicators missing.</p> <p>2. Presented indicators are in accordance with objectives.</p> <p>3. Monitoring and evaluation requires the existence of all indicators.</p>			

MEASURE	LEADER-MEASURE (41, 421, 431)			
	BASELINE LEVEL	TARGET LEVEL		
Specific objectives	Object related baseline indicators	Output indicators	Result indicators	Impact indicators
To strengthen the local community through the development of Local Action Groups and their strategies	n/a	Number of supported LAGs: 5 (opt. 1) 25 (opt. 2); Total territory covered by LAGs: 40 000 km ² ; Number of projects financed by LAGs: 4000; Number of supported co-operation projects: 175;	Number of jobs created: 150; Number of successful trainings: 175	Share of net value added in purchasing power standard: 65% of EU-25; Number of accompanying new full-time jobs to be created: 150

		Number of LAGs in co-operation: 30; Number of participants in the option of the acquisition of skills: 750		
To promote the forms of co-operation contributing to the co-operation on the local level and to the creation of new jobs	n/a	Number of supported LAGs: 5 (opt. 1) 25 (opt. 2); Total territory covered by LAGs: 40000 km2; Number of projects financed by LAGs: 4000; Number of supported co-operation projects: 175; Number of LAGs in co-operation: 30; Number of participants in the option of the acquisition of skills: 750	Number of jobs created: 150; Number of successful trainings: 175	Share of net value added in purchasing power standard: 65% of EU-25; Number of accompanying new full-time jobs to be created: 150
To implement strategies directed at the sustainable use and introduction of local specific character, incl. natural and cultural heritage, at the development of community activities, the improvement of employment, the highlighting of local identity, the use of the potential of internal and foreign tourism, and at the valuation of originality and traditions	n/a	Number of supported LAGs: 5 (opt. 1) 25 (opt. 2); Total territory covered by LAGs: 40000 km2; Number of projects financed by LAGs: 4000; Number of supported co-operation projects: 175; Number of LAGs in co-operation: 30; Number of participants in the option of the acquisition of skills: 750	Number of jobs created: 150; Number of successful trainings: 175	Share of net value added in purchasing power standard: 65% of EU-25; Number of accompanying new full-time jobs to be created: 150
To encourage innovative approaches creating value added and through this, to develop local services and the quality of life	n/a	Number of supported LAGs: 5 (opt. 1) 25 (opt. 2); Total territory covered by LAGs: 40 000 km2; Number of projects financed by LAGs: 4000; Number of supported co-operation projects: 175; Number of LAGs in co-operation: 30; Number of participants in the option of the	Number of jobs created: 150; Number of successful trainings: 175	Share of net value added in purchasing power standard: 65% of EU-25; Number of accompanying new full-time jobs to be created: 150

	acquisition of skills: 750		
Answers to questions (see questions to the evaluator)	1. Baseline indicators not presented. 2. Presented indicators are in accordance with objectives. 3. Defining and measuring impact and result indicators means the defining and collection of monitoring data at an early stage (application).		

In parts covering training and advisory services in measures of axis I in the ERDP, we advise to add result indicators characterizing general satisfaction.

In evaluating output and result indicators and quantified objectives in the ERDP, significant amount of deficiencies in necessary indicators (incl. indicators for specific objective completion) emerged.

8.3 System in place for collecting, storing and processing monitoring data

General monitoring and evaluation system of the Estonian Rural Development Plan 2007–2013 has been constructed on measures and programme. The Paying Agency (ARIB) and other relevant institutions gather monitoring information on the measure level. The relevant institutions are presenting annual reports reflecting the physical and financial developments of measures, to the Management Authority within the relevant stated deadlines.

Monitoring is conducted on the basis of unified output, result and impact indicators. Main monitoring information is entered into a unified electronic information system, where the data are stored.

The ERDP should be more detailed in describing the information system created for gathering, storing and processing of monitoring data. It should reveal the objective of the system, as well as the processes covered, the information stored and analysed, who and on what purpose have access to the system, who is responsible for the setup, maintenance and the following of utilization instructions and other necessary information. In case information of such detail is missing in the ERDP, we advise to add a reference to a legal act containing the relevant information.

9. THE RESULTS OF THE STRATEGIC ENVIRONMENTAL EVALUATION

The aim of this chapter is to highlight the main results of the strategic environmental evaluation, also covering the environmental evaluations considered and measures planned for integrating the environmental evaluation into the preparation of the programme.

Estonia has taken over the environmental policy and the agricultural policy of the European Union. Main focus is on increasing the competitiveness. In agriculture, it mainly reflects on the concentration of production and investing in production buildings and technology; the efforts of water management are mainly focused on developing water supply and sewerage in towns and townships. In the outskirts of Estonia, land improvement and nature protection areas are supported.

The continuous polarization of the status of the environment in Estonia is possible: the percentage of unused areas in the outskirts increases, industrial agriculture continues and develops in the traditional agricultural regions of Estonia: most of the farm animals are concentrated into large-scale farms, fertile soils are cultivated in using economically optimal amounts of fertilizers and pesticides. As a result, the groundwater and surface water status deteriorates and groundwater along with smaller water bodies, become polluted. The general status of water bodies and groundwater in Estonia remains good or satisfactory under the impact of natural compensating areas.

Main agricultural load on environment comes from agricultural production concentrated in fertile areas, the majority of which is located in nitrate-vulnerable area. Therefore alleviation and compensation measures have to be implemented in main agricultural regions based on the experience of the EU members.

These measures are:

- Water protection and creation of water preservation areas to protect the quality of groundwater and water bodies of very good status;
- Implementation of the best available techniques and environmental management systems in agricultural production;
- Training and informing the producers;
- Improving the physical status of water bodies, opening migration ways to fish and more frequent maintenance of water bodies;
- Replacing polluted wells of the residents of small villages and low density area by deeper wells or water conduits.

The preservation of good water status should be the main criterion in evaluating the environmental efficiency of the ERDP 2007–2013.

Several measures in the ERDP are planned for preserving biological and landscape diversity. The Republic of Estonia has to ensure that the agricultural land no longer in use for production, is in good agricultural and environmental conditions (Council Regulation (EC) No 1782/2003). Certainly, it means avoiding the overgrowing of former agricultural land with shrubs, mainly occurring in the outskirts. Therefore the support for the maintenance of semi-natural habitats should expand beyond the Natura 2000 areas.

Current experience with SAPARD, the Rural Development Plan and drawing up and implementing the action plans of water management plans for sub-basins and nitrate-vulnerable areas, create a good basis for joining efforts for sustainable rural development.

Crucial aspects of success:

- Giving meaning to and unifying policies, objectives, criteria and result indicators;
- Achieving a unite administrative capacity between parties;
- Conceiving the connections between economic, social and environmental richness on a practical level;
- Defining significant nonconformity and actions taken to eliminate these;
- Continuing result-oriented co-operation.

The financing of environmental protection activities from the funds of the Estonian Rural Development Plan 2007–2013 is very important to compensate the unavoidable deterioration of the status of the environment resulting from ensuring the competitiveness of agriculture. To ensure the efficiency of environmental protection measures, tying all agricultural support with environmental requirements proceeding from specific laws and standards and monitoring their implementation, is unavoidable. Additionally, the environmental efficiency of using the measures of the ERDP, is greatly dependent on the development of environmental awareness, administrative capacity and environmental management. Implementing administrative capacity measures (with the help of the National Development Plan) must be unified with ensuring the environmental expertise of the parties and supporting the environmental management systems and the implementation of the best available techniques.

Environmental surveillance system of Estonia should exclude the funding of projects with significant negative impact on the environment. Before the implementation of a project with a possible negative impact on the environment, environmental research has to be done and an environmental impact evaluation, if necessary.

Implementing the measures of the ERDP are not enough for promoting rural development in Estonia and achieving the good status of the environment necessary for people and nature, therefore it is necessary to also use the resources of the implementation plans of the National Development Plan (NDP). In implementing measures planned in the ERDP, the status of the environment of rural areas will be in future probably better than it would be without implementing these measures.

10. SUMMARY

The evaluation is based on parts of the ERDP released by the Ministry of Agriculture on 16 June 2006 and on 3 July 2006 and the draft Estonian Rural Development Plan 2007–2013 released on 20 October 2006.

The ex-ante evaluation is carried out according to terms of the invitation to tender of the Client (the Ministry of Agriculture) and to the offer from InterAct Projektid & Koolitus OÜ presented to the Ministry of Agriculture on 26 May 2006 describing that the evaluators are independent experts not contributing directly to drawing up parts of the ERDP, but consulting in working groups arranged by the Client in the process of compiling the ERDP.

In the process of the ex-ante evaluation the representative of the Client participated in four joint meetings of the Steering Committee and the Agriculture and Rural Development Council held in the preparation of the ERDP 2007–2013. Additional meetings with the compilers of the ERDP and other counterparts (incl. ARIB) were held.

The methodology of the ex-ante evaluation was based on the ex-ante evaluation guidelines of the Commission “Draft Guidelines for Ex-ante Evaluation” (Common Monitoring and Evaluation Framework, April 2006).

The ex-ante evaluation considered the following aspects:

- Is the strategy described in the ERDP important in relation to identified needs and problems?
- Are the measures of the ERDP achievable?
- To what extent has the experience from the previous programme period been considered when drawing up the ERDP?
- What are the possible impacts of the ERDP on tackling the socio-economic and environmental needs and problems more widely?
- Is the ERDP in concordance with the Estonian Rural Strategy 2007–2013 and with the Community policies and does conformity exist between different parts of the ERDP (incl. activities being in accordance with objectives)?
- Are there indicators set to measure the efficiency of objectives? Are these indicators appropriate and do they form a sufficient basis for monitoring and evaluation?
- To what extent have the Community objectives and principles been taken into account in the programme?

The results of the ex-ante evaluation were presented in the interim report (presented on 7 July 2006) and in the final draft of the current Estonian Rural Development Plan 2007–2013. The strategic assessment of environmental impacts of the ERDP 2007–2013 was also conducted during the evaluation process and the summary of results is also presented in the current report.

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“Estonian Rural Development Plan 2007–2013”

ANNEX 2

strategic environmental assessment Report

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Abbreviations

EAFRD – European Agricultural Fund for Rural Development

EU – European Union

NSP – Estonian National Strategy Plan

ES – environmental strategy

SEA – strategic environmental assessment

EIA&EMSA – Environmental Impact Assessment and Environmental Management System Act

MoE – Ministry of the Environment

ERDP – Estonian Rural Development Plan

MoF – Ministry of Finance

MoA – Ministry of Agriculture

BAT – best available technique

SE 21 – Sustainable Estonia 21

GDP – Gross Domestic Product

NDP – National Development Plan

SBS – State Budget Strategy

SUMMARY

Estonia has taken over the environmental policy and the agricultural policy of the European Union. Main focus is on increasing the competitiveness. In agriculture, it mainly reflects on the concentration of production and investing in production buildings and technology. The efforts of water management are mainly focused on developing water supply and sewerage in towns and townships. In the outskirts of Estonia, land improvement and natural protection areas are supported.

The continuous polarization of the status of the environment in Estonia is possible: the percentage of unused areas in the outskirts increases, industrial agriculture continues and develops in the traditional agricultural regions of Estonia (most of the farm animals are concentrated into large-scale farms, fertile soils are cultivated in using economically optimal amounts of fertilizers and pesticides). As a result, the status of groundwater and surface water deteriorates and groundwater along with smaller water bodies, become polluted. The general status of water and groundwater bodies of Estonia remains good or satisfactory due to the impact of natural compensating areas.

Main agricultural load on environment comes from agricultural production concentrated on fertile areas, majority of which is located in nitrate-vulnerable area. Therefore, alleviation and compensation measures have to be implemented in main agricultural regions based on the experience of the EU members. These measures are:

- Water protection and creation of water preservation areas to protect the quality of groundwater and the good status of water bodies;
- The implementation of the best available techniques and environmental management systems in agricultural production;
- Training and informing the producers;
- Improving the physical status of water bodies, opening migration ways to fish and more frequent maintenance of water bodies;
- Replacing polluted wells of small villages and residents of low density areas with deeper wells or water conduits.

The preservation of good water status should be one of the main criteria in evaluating the environmental efficiency of the Estonian Rural Development Plan 2007–2013 (hereinafter the ERDP).

Several measures in the ERDP are planned for preserving biological and landscape diversity. The Republic of Estonia has to ensure that the agricultural land no longer in use for production, is in good agricultural and environmental conditions (Council Regulation (EC) No 1782/2003). Certainly, it means avoiding the overgrowing of former agricultural land with shrubs, mainly occurring on the outskirts. Therefore, the support for the maintenance of semi-natural habitats should expand beyond the Natura 2000 areas.

Current experience with SAPARD, the Rural Development Plan and drawing up and implementing the action plans of water management plans for lower-watershed areas and nitrate-vulnerable areas, create a good basis for joining efforts for sustainable rural development.

Crucial aspects of success:

- giving meaning to and unifying policies, objectives, criteria and result indicators;

- achieving a unite administrative capability between parties;
- conceiving the connections between economic, social and environmental richness on a practical level;
- defining significant contradictions and actions taken to eliminate these;
- continuing result-oriented co-operation.

The financing of environmental protection activities from the funds of the Estonian Rural Development Plan 2007–2013, is very important to compensate the unavoidable deterioration of the status of the environment resulting from ensuring the competitiveness of agriculture. To ensure the efficiency of environmental protection measures, tying all agricultural supports with environmental requirements proceeding from specific laws and standards and monitoring their implementation, is unavoidable. Additionally, the environmental efficiency of using the ERDP measures, is greatly dependent on the development of environmental awareness, administrative capability and environmental management. Implementation of administrative capability measures must be unified with ensuring the environmental expertise of the parties and supporting the environmental management systems and the implementation of the best available techniques.

Environmental surveillance system of Estonia should exclude the funding of projects with significant negative impact on the environment. Before the implementation of a project with a possible negative impact on the environment, environmental surveys have to be made and an environmental impact evaluation, if necessary.

Implementing the ERDP measures is not enough for promoting rural development in Estonia and achieving the good status of the environment necessary for people and nature, therefore it is necessary to also use the resources of the implementation plans of the National Development Plan (NDP).

In implementing the planned ERDP measures, in the future, the status of the environment of rural areas will probably be better than it would be without implementing these measures. The accuracy of the prognosis of the potential environmental impact of the implementation of the ERDP depends largely on the clarity of objectives defined, indicators chosen, environmental competence of the parties, administrative capability and motivation. During the strategic environmental assessment the evaluators had certain difficulties, based on the aspect that the ERDP does not provide sufficient overview of the status of the environment, problems and objectives in Estonian rural area. Proceeding from that, the interpretation of the content and objectives of the development plan has been based, where possible also on the information provided in the Estonian Rural Development Strategy 2007–2013 (the ERDS). The presentation of more accurate environmental impact assessment to the development plan and its measures would be possible after the supplementation of the ERDP with the description of the status of the environment and problems in rural area on the level of quantified indicators.

INTRODUCTION

The European Union rural development policy considers most important to preserve the competitiveness of agriculture and forestry, agricultural landscapes and the environment, as well as to diversify rural life and to improve its quality. Each member state has to define its main objectives in these areas and prioritized activities in order to achieve them.

Although the income in Estonian agriculture has increased significantly after the accession to the EU, the capability of agricultural producers to invest and to develop production is not sufficient in order to operate successfully in the EU common market and to manage in the future in the conditions of reduced support payments. Therefore, the main objective is to contribute that the potentially competitive producers would develop their production more efficiently, at the same time saving the nature.

The current Estonian Rural Development Plan 2004–2006 foresees to allocate most resources for the environment-related measures. In the future, limited resources should more and more be concentrated into two directions: to reduce environmental hazards in nitrate-vulnerable area and to preserve valuable landscapes. It is important to continue support for less-favoured areas, so that agricultural activities and maintenance of agricultural land in Estonian regions would not cease.

Planning of the European Union support in 2007–2013 will be carried out in the framework of the elaboration of Estonian state budget strategy, which enables to plan the activities financed from the EU funds and the activities financed solely from the Estonian state budget with a common approach. Proceeding from that, “National Structural Funds Strategy 2007–2013” as a part of “State Budget Strategy 2007–2010” has been prepared. The four-year state budget strategy (updated every year), will include the planned activities from the seven-year European Union programming period related to the areas covered by structural funds.

The preparation and elaboration of the Estonian Rural Development Plan 2007–2013 (the ERDP) is co-ordinated by the Estonian Ministry of Agriculture. The main objective of the ERDP is to determine the rural development support from the European Agricultural Fund for Rural Development (EAFRD) for the period 2007–2013 and supported activities. The measures of new rural development plan do not cover nearly all problems related to the overall development of rural area. One of the priorities is the development of micro-enterprises (less than 9 persons), especially in order to compensate for further loss of jobs in agriculture. On the other, hand it is planned to focus on the development of villages and the availability of services in villages.

Supporting the development of local action groups and the implementation of their strategies through the Leader-measure is important. In the next budgetary period (2007–2013) there is an intention to transfer more resources at the disposal of local action groups. This enables regions to implement specific measures of primary importance for a particular region – in addition to the so called nationwide support measures.

In the course of the ex-ante evaluation and strategic environmental assessment of the ERDP conducted by the Ministry of Agriculture current strategic environmental assessment report has been prepared. Evaluators were selected by a public procurement. Ex-ante evaluation and the strategic assessment of environmental impacts are conducted by InterAct Projektid & Koolitus OÜ, in co-operation with Audacon Eesti OÜ and the Estonian University of Life Sciences. The head of the SEA expert group is Ranno Mellis (ranno.mellis@hot.ee). The SEA programme is published on the website of the Ministry of Agriculture <http://www.agri.ee/index.php/16641>.

ORGANIZATION OF THE ASSESSMENT

The object and scope of the SEA

The object of the strategic environmental assessment (the SEA) is the draft Estonian Rural Development Plan 2007–2013 as of 20 October 2006.

Considering that the ERDP does not provide sufficient information on the status of the environment, problems and objectives in the rural area, the object of the SEA is partly also the base document for the ERDP – the Estonian Rural Development Strategy 2007–2013 (both documents are available on the Internet (address: <http://www.agri.ee/mak>)).

Need for the strategic environmental assessment

Following Directive 2001/42/EC of the European Parliament and of the Council and Environmental Impact Assessment and Environmental Management System Act (hereinafter: EIA&EMSA), the strategic environmental assessment (hereinafter the SEA) regarding the development plans should be carried out. It was initiated by the minister of agriculture with Decree No 138 of 1 August 2006.

Objective of strategic environmental assessment

The objective of the SEA is to contribute to the elaboration of balanced development plan which is in line with the European Union ja Estonian environmental policy.

The objective of strategic environmental assessment is:

- the integration of environmental aspects into development plans;
- bringing the development plan into accordance with the EU environmental policy;
- mapping the environmental impacts of the development plan and proceeding from that the presentation of assessment to the strategic part of the development plan and suggestions for the reduction of environmental impacts;
- assessment of the main priorities of the development plan from the position of environmental protection.

Carrying out the SEA

The strategic environmental assessment will be conducted according to the agreement between the Ministry of Agriculture and InterAct Projektid & Koolitus OÜ and on the basis of the SEA programme prepared on the basis of this agreement.

During the SEA, the environmental impact related to the implementation of the Estonian Rural Development Plan 2007–2013 and alternative options for achieving objectives will be analysed.

Parties of the strategic environmental assessment

Author of the planning document (Developer): Ministry of Agriculture

SEA contact person in the Ministry of Agriculture: Ove Põder

Supervisor: Ministry of the Environment.

Interested persons and organisations: the implementation of the ERDP will affect the whole society. The list of engaged government agencies and their responsibilities and involved economic and social partners and organisations is presented in the development plan or in its annexes.

Evaluator (Expert): InterAct Projektid & Koolitus OÜ (contact person: Maarja Unt)

Responsible expert: Audacon Eesti OÜ (contact person: Marge Pettai)

Head of the expert group: Ranno Mellis, ranno.mellis@hotmail.ee

Member of the expert group: Jaak Tambets

Overview of the preparation of the programme

Strategic environmental assessment programme (see Annex 2) was put together by the InterAct Projektid & Koolitus OÜ. It was available for the interested parties on the website of the Ministry of Agriculture, in the Rural Development Department of the Ministry of Agriculture and also during the course of public consultation. Public consultation of the programme took place on 29 September 2006 at the Ministry of Agriculture (address Tallinn, Lai 39/41). The minutes of the meeting are annexed to the current report (Annex 1).

Draft programme was submitted by the Ministry of Agriculture with its letter No. 8.2-1/1498 of 24 August 2006 to the Ministry of the Environment, the Ministry of Social Affairs and the Estonian Council of Environmental NGOs and the modified version of the programme with its letter No. 8.2-1/1688 of 25 September 2006 to the Ministry of Education and Research and the Ministry of Culture and with a letter No. 8.2-1/1689 of 25 September 2006 to the Ministry of the Environment, the Ministry of Social Affairs and the Estonian Council of Environmental NGOs. The opinion about the draft programme was expressed by the Ministry of Social Affairs with its letter No. 13.3-6/3508 of 1 September 2006 and by the Ministry of Culture with its letter No. 10.3-10/3676 of 19 October 2006.

The final version of the programme was submitted to the Ministry of the Environment for the approval by the Ministry of Agriculture with its letter No. 8.2-1/2091 of 23 November 2006. The programme was approved with additional preconditions by the supervisor, the Ministry of the Environment with its letter No. 13-3-1/14542-2 of 4 January 2007.

Consultations with partners

Two public consultations were scheduled during the SEA process: public consultation regarding the SEA programme, which took place on 29 September 2006 and the public consultation regarding the SEA final report, which took place on 23 February 2007.

On 9 April 2007 the SEA final report was submitted by the Ministry of Agriculture to the Ministry of the Environment for approval.

The publication of the SEA will be conducted by the Ministry of Agriculture (the MoA), who will inform about the publication through the press. The minutes of the public consultation will be kept by the MoA. Comments and proposals will be replied by the MoA. The expert will provide the MoA assistance during the process of publication and express its views in the form of comments and proposals.

CONTENT AND OBJECTIVES OF THE ESTONIAN RURAL DEVELOPMENT PLAN 2007–2013

Content of the Estonian Rural Development Plan 2007–2013

The Estonian Rural Development Plan 2007–2013 (the ERDP) covers the period from 1 January 2007 to the end of 2013. The overall objective of the ERDP is to support the regionally balanced development of rural area through the European Union Common Agricultural Policy measures. Within the framework of the EU new programming period (2007–2013), which will start on 1 January 2007, Estonia will be able to use approximately 14,9 billion EEK of public sector support funds for supporting agriculture and rural development.

In the period 2007–2013 the agriculture and rural development measures are financed from the European Agricultural Fund for Rural Development (EARDF) and co-financed from the state budget of Estonia.

Under the ERDP, Estonia plans to implement the following rural development measures financed by the EARDF:

Under priority axis 1 (improving the competitiveness of the agricultural and forestry sector):

- modernisation of agricultural holdings (incl. submeasures: investments into the development of micro agricultural producers; long-term investments of agricultural producers; investments into the production of bioenergy);
- adding value to agricultural and forestry products;
- support for setting-up of young agricultural producers;
- infrastructure of agriculture and forest management;
- improving the economic value of forests and adding value to forestry products;
- development of new products, processes and technologies in the sectors of agriculture, food and forestry;
- training and information activities;
- support for advisory system and services.

Under priority axis 2 (improving the environment and the countryside):

- support for less-favoured areas;
- Natura 2000 support for agricultural land;
- Natura 2000 support for private forest land;
- support for the maintenance of Natura 2000 network semi-natural habitats;
- agri-environmental support (incl. submeasures: environmentally friendly management; environmentally friendly management in nitrate-vulnerable area; organic farming; support for keeping animals of local endangered breeds; support for growing plants of local varieties);
- establishment of protection forest;
- establishment of energy shrubs;
- support for the establishment and restoration of stonewalls;
- support for liming of agricultural land;
- demolition of agricultural production buildings left out of use.

Under priority axis 3 (quality of life in rural areas and diversification of the rural economy):

- diversification of the rural economy;
- village renewal and development.

Under priority axis 4 (the horizontal, Leader-priority axis) it is planned to implement one, Leader-measure.

Additionally, the technical assistance measure has to be implemented as a supporting measure for the successful start of the programme.

Assessment:

The ERDP presents clear overview of planned measures, but the main problematic observation concerning the content of the ERDP is the fact that a significant part of required information (in accordance with Regulation No. 302 of the Government of the Republic of 13 December 2005) is not provided in the development plan but in the Estonian Rural Development Strategy, moreover, the ERDP lacks clear references to having taken this information into account. This aspect makes the strategic environmental assessment of the ERDP more difficult.

As the ERDP does not provide sufficient overview of the status of the environment and environmental problems and objectives in Estonian rural area, the interpretation of the content and objectives of the ERDP is based also on the information presented in the Estonian Rural Development Strategy 2007–2013 (the ERDS) since it is specified in the strategy that the ERDS serves as a framework for the preparation of the Estonian Rural Development Plan.

General proposal:

We suggest to complement the ERDP with the necessary minimum information concerning the overall strategic objectives of the ERDP, the status of the environment in rural area, environmental problems, objectives, requirements and indicators and/or to present clear references to the Estonian Rural Development Strategy 2007–2013.

Overall strategic objective of the ERDP

The overall strategic objective of the Estonian Rural Development Plan is to support balanced development of rural area through the rural development measures related to the European Union Common Agricultural Policy.

Overall objectives of axes and measures

Current sub-paragraph provides the excerpt of the overall and specific objectives specified in the Estonian Rural Development Plan 2007–2013.

AXIS I – Improving the competitiveness of the agricultural and forestry sector

The main objective of axis 1 is to improve the competitiveness of the prevalent part of agricultural holdings and agricultural produce processing industry to such an extent that after the end of the programming period (after 2013) the farmers will manage in the conditions of market support and direct payment reduced by that time. In the sector of forestry, the objective is to raise the long-term competitiveness of forestry to the level ensuring the restoration of forest potential in forests damaged by natural disasters and fires, relevant preventive actions, the sustainable management of private forests and the maintenance of employment in rural area and supporting wider usage of forestry products and services.

Subaxis I – Restructuring / modernisation

Measure: Modernisation of agricultural holdings

Overall objective

The overall objective of this measure is to improve the competitiveness of agricultural production through the diversification of agricultural activities, the promotion of agriculture meeting the relevant standards and through the promotion of the usage of biomass.

To attain the overall objective, agricultural producers are supported by the following three submeasures:

1) Investments into the development of micro agricultural producers

Specific objectives

- Increase in the level of technology, modernisation of agricultural sector and improvement of production quality;
- Contribution to the improvement of environment and animal welfare and to meeting relevant standards;
- Maintenance of employment and stimulation of the creation of new jobs in agriculture;
- Maintenance of traditional cultural landscape by more environmentally friendly cultivation methods;

- Contribution to the processing of self-produced agricultural produce and thus to the increase in the value added produced by agricultural producers.

2) *Long-term investments of agricultural producers*

Specific objectives

- To improve competitiveness, incl. promoting the implementation of new technologies and innovations.
- To contribute to the conformity with the requirements related to the improvement of environmental and occupational safety and animal welfare.

3) *Investments into the production of bioenergy*

Specific objectives

- New market for agricultural producers
- Competitiveness (i.e. increase in income) of agricultural producers
- Maintenance of the environment
- Maintenance of landscape
- Supply certainty of raw material for energy production
- Diversity of energy sources
- Distributed energy production

Measure: Adding value to agricultural products

Overall objective

To improve the competitiveness of agricultural and forestry sector through the improvement of the general performance of agricultural and forestry produce processing enterprises (improvement of general economic indicators, decrease in environmental load, growth of export potential, etc.), and to ensure their long-term sustainability.

Specific objectives

- to bring agricultural and forestry produce processing industry into conformity with changing market requirements;
- more efficient use of by-products, supplementary products and processing waste generated in the course of production;
- to ensure the sustainability of the environment and energy savings;
- to promote investments into innovation;
- to promote the application and spread of information and communication technology;
- to promote the production of biofuels and the use of bioenergy.

Measure: Support for setting-up of young agricultural producers

Overall objective

The overall objective of this measure is to facilitate setting up of young agricultural producers and to contribute to the change of generations in agriculture.

Specific objectives

- to assist young agricultural producers in starting an agricultural holding;
- further structural adjustments to enterprises of young agricultural producers;
- to expand employment opportunities to young people;
- to involve young people in the development of rural community.

Measure: Infrastructure of agriculture and forest management

Overall objective

Preserving the operation of drainage systems on agricultural and forest land.

Specific objectives

- to unify the production conditions of agriculture and private forestry in rural area, diminishing the agricultural production risks resulting from unfavourable

- hydrological regime, and increasing the productivity of private forests and the quality of wood;
- to improve access to agricultural and private forest land;
- to diminish local floods;
- to minimise the spread of pollution on drained land and increase the self-cleaning capacity of recipients.

Measure: Improving the economic value of forests and adding value to forestry products

Overall objective

The overall objective of the support for improving the economic value of forests and adding value to forestry products is to improve the competitiveness of private forest owners, non-profit associations and commercial associations of forest owners, and microenterprises active in industrial production of wood.

Specific objectives:

- to improve the production potential of forest, in order to improve the species composition or to preserve the ecological value of forest and to increase the value of the trees left to grow,
- to improve the average profitability of forest management,
- diverse and sustainable management of forest resource,
- prevention of game damages, plant diseases and pest damages;
- restoration of the production potential of forest damaged by natural disasters or forest fires,
- prevention of forest fires;
- to improve the general performance, competitiveness and export potential of microenterprises processing forestry products (except non-wood processing industry),
- to implement new products, processing methods and technologies,
- full use of forest resource,
- to increase the value added of forestry products.

Subaxis II – Innovation / advice

Measure: Development of new products, processes and technologies in the sectors of agriculture, food and forestry

Overall objective

To improve the competitiveness of agricultural, food and forestry sectors through the promotion of co-operation between the raw material producers of the agricultural and forestry sector, processing industry, and/or third parties.

Specific objectives

- to promote research and development activities and innovation among the raw material producers of the agricultural, food and forestry sectors and the agricultural and forestry produce processing enterprises;
- to develop new products of high sales potential and/or export potential (incl. high quality foodstuffs and non-food products with high value added, produced from agricultural and forestry products), and to develop innovative processes and technologies, in order to improve the performance of the sector enterprises and to ensure the sustainability of the environment and energy savings;
- to improve the quality of foodstuffs, incl. the development of food quality schemes and the promotion of their application to ensure the customer gets a high quality product or production process;

- to notify the customer of the existence and differences of the products involved in food quality schemes;
- to improve the quality of raw materials.

Measure: Training and information activities

Overall objective

To improve the competitiveness of agricultural, food and forestry sectors through the development of human potential of those sectors..

Specific objectives

- To support the in-service training and retraining of the people employed in the agricultural, food and forestry sectors, with a view to maintain their competitiveness on the labour market and to develop their enterprise.
- To support the dissemination of scientific information, scientific achievements and innovative practices among people engaged in agricultural, food and forestry sectors.

Measure: Support for advisory system and services

Overall objective

The overall objective of the measure is to support the availability of advisory services foreseen for agricultural producers and private forest owners.

Specific objectives

To ensure the development of advisory system, in order to provide agricultural producers with advisory service in the following fields:

- statutory management requirements and good agricultural and environmental conditions, provided in Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003;
- occupational safety requirements based on the EU legal acts;
- improving the general performance of an agricultural holding, taking into account the economic, social and environmental aspects.
- To ensure the advising of private forest owners in issues related to private forest management.

AXIS II – Improving the environment and the countryside

The objective of Axis II measures is to ensure good environmental condition and the maintenance of agricultural land use in the regions where it is important for shaping traditional landscapes and for the preservation of high nature value areas.

Subaxis I – LFA

Measure: Support for less-favoured areas

The objective of the support is to maintain the countryside through continual use of agricultural land and to promote the systems of sustainable agricultural production, supporting the improvement of the environment and the countryside by the maintenance of lands.

Subaxis II – Natura

Measure: Natura 2000 support for agricultural land

The overall objective of Natura 2000 support for agricultural land is to ensure conformity with nature protection requirements in Natura 2000 network areas, to maintain agricultural activity in those areas and to contribute to coping with handicaps, resulting from the Council Directive 79/409/EEC on the conservation of wild birds (bird directive) and of Council

Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (nature directive), in order to ensure the efficient management of Natura 2000 network areas.

Measure: Natura 2000 support for private forest land

The objective of this support is to contribute to the sustainable use of private forest land located in Natura 2000 network area.

Measure: Support for the maintenance of Natura 2000 network semi-natural habitats

The objective of the support for the maintenance of Natura 2000 network semi-natural habitats is to preserve and improve biological and landscape diversity, to contribute to sustainable development and to maintain cultural heritage through the maintenance of lands, motivating agricultural producers and other land users to implement primarily such land usage methods which preserve the natural environment and landscape.

Subaxis III – Agri-environment

Measure: Agri-environmental support

Overall objectives

- to promote the implementation and continual use of environmentally friendly management methods in agriculture;
- to preserve and increase biological and landscape diversity;
- to help the agricultural producers acting in an environmentally favourable way to get adequate income;
- to increase the environmental awareness of agricultural producers.

This measure includes the following submeasures:

1) *environmentally friendly management*

The objectives of the environmentally friendly management are the following:

- to promote the introduction and continual use of environmentally friendly management methods in agriculture, in order to protect and increase biological and landscape diversity and to protect the status of water and soil;
- to expand environmentally friendly planning in agriculture;
- to increase the awareness of agricultural producers of the environment.

2) *environmentally friendly management in nitrate-vulnerable area*

The objective is to restrict the diffused pollution from agriculture and to maintain or improve the quality of surface and groundwater in nitrate-vulnerable area.

3) *organic farming*

The objectives of organic farming are:

- to maintain and increase biological and landscape diversity and soil fertility;
- to support the development of organic farming and to satisfy the growing demand of consumers for organic products;
- to support and improve the competitiveness of organic farming.

4) *keeping animals of local endangered breeds*

The objective of this measure is to ensure the conservation of local endangered breeds valuable for cultural heritage and genetic diversity.

5) *growing plants of local varieties*

The objective is to ensure the preservation of the local varieties valuable for cultural heritage and genetic diversity.

Measure: Establishment of protection forest & energy shrubs

The objective of the establishment of protection forest is to ensure good status of the environment.

The objective of the establishment of energy shrubs is to promote the growing of energy shrubs, in order to increase the quantities of bioenergy raw material, to ensure good status of the environment and to contribute to the alleviation of climate change.

Measure: Support for non-productive investments

The general objective of the support for non-productive investments is to contribute to the improvement and regulation of the appearance of agricultural landscape through the elimination of agricultural production buildings left out of use as specified in the ERDP. In addition, it is planned to support the establishment and restoration of stonewalls and liming of agricultural land.

The objective of the support for the establishment and restoration of stonewalls is to contribute to the establishment and restoration of stonewalls as traditional elements of agricultural landscapes, having high historic, cultural and landscape value, in order to:

- maintain and improve the aesthetic value of landscapes;
- to create habitats and to increase biological and landscape diversity;
- to preserve the historic and cultural value of landscape.

The objective of the support for liming of agricultural land is to neutralise acid soils to the level optimal for plant growth, which is pHKCl 6.0–7.0 for the majority of agricultural crops. Specific objectives are:

- to preserve and improve soil structure;
- to improve the resistance of plants to diseases, and to improve the productivity of plants and the quality of plant produce;
- to increase the population of micro-organisms in soil and to support the vital functions of earthworms;
- to improve the water and air regime of soil;
- to improve the recycling of processing waste and to decrease the load on the environment.

AXIS III – Quality of life in rural areas and diversification of the rural economy

The main objective of Axis III measures is the diversification of rural enterprise, in particular in less-favoured areas, and the improvement of the quality of life in rural areas.

Subaxis I – Diversification / economic development

Measure: Diversification of the rural economy

Overall objective

To improve the competitiveness and sustainability of the entrepreneurs, active in rural area, through the diversification of rural enterprise (primarily in less-favoured areas), and to contribute to the creation of new and better jobs.

Specific objectives

- Diversification of the activities of micro agricultural producers with non-agricultural rural enterprise;
- Development of non-agricultural micro-enterprise based on local resources and related to the improvement of the quality of life in rural area;
- Contribution to making buildings habitable, in case of projects creating new jobs to alleviate the shortage of labour force;

- Contribution to taking abandoned agricultural facilities and the buildings of agricultural production value into use again in production and services;
- Improvement of the innovative qualities of enterprise by new solutions, incl. by the offer of mobile goods and services;
- Promotion of the participation of the young and socially disadvantaged population groups in enterprise.

Subaxis II – Basic services / infrastructure / renewal

Measure: Village renewal and development

Overall objective

The overall objective of this measure is to improve the attraction of the rural living environment and the quality of life there by increasing local activity and developing the non-profit sector. The implementation of this measure contributes to the turnover of negative trends of the rural area, such as social and economic backwardness and decrease in the size of population, towards positive.

Specific objectives

- to strengthen local initiative, will to co-operate and social relationships;
- to develop social infrastructure;
- to maintain, restore and improve the living environment and cultural heritage of villages;
- to find new solutions for the improvement of the availability and sustainability of various services.

AXIS IV – Leader

The objective of the Leader-measure is to solve local problems through the local initiative, to improve co-operation between different sectors, which will ensure originating from the local needs and resting upon the local potential of the respective region.

ENVIRONMENTAL OBJECTIVES OF THE EUROPEAN UNION AND ESTONIA

Principles of sustainable development

Sustainable development is continuously one of the priorities of the whole world, the European Union, the Baltic Sea region and Estonia. Sustainable development is a long-term integrated and harmonized development of social, economic and environmental spheres, with an objective to guarantee high quality of life, safe and clear living environment for the people today and in the future.

National principles of sustainable development and development objectives until the year 2030 are defined in the Estonian National Strategy on Sustainable Development “Sustainable Estonia 21”, approved by the Estonian Parliament (*Riigikogu*) on 14 September 2005 which brings economic, social and environmental developments in line with global documents (Agenda 21) and the documents determining the long-term development of the European Union. The objective of the strategy is to integrate the requirement to be successful in global competition with a sustainable development model and preservation of the traditional values of Estonia. One of the long-term development goals is ecological balance which is broken down into three main components: use of natural resources in ways and quantities that ensure ecological balance; reduction of pollution; preservation of biological diversity and nature areas.

The main function of environmental protection is the balanced management of resources and the natural environment in the interests of the Estonian society and local communities. The aim is to reach a situation where people do not regard the environment as a pool of objects requiring protection but as an integral whole of which people themselves are a part. The aim is combined conception of nature as a value and as a central development resource of the society in the context of overall development of Estonia.

It is stated in the strategy on sustainable development that the landscape of Estonia could become a key element of the ecosystem, becoming treated as a living environment encompassing inter alia also global resources such as weather (climate), air and water. At the local level, landscape means a place of living along with its biological diversity, recreational resources, but also views and other aesthetic parameters, whose preservation and development is important for the achievement of all development objectives.

The objective of ecological balance is broken down into three main components:

- Use of natural resources in ways and quantities that ensure ecological balance;
- Reduction of pollution;
- Preservation of biological diversity and natural areas.

Strategy on sustainable development defines among others the desired status by the year 2030:

- **Stable and knowledge-based management of the Estonian environment.** Cross-usable national registers of natural resources (incl. landscapes and objects of biological diversity) has been created and the relevant statistics organised. Integrated planning takes place based on careful consideration of environmental balance in every sphere of life. There will be effective co-operation between public authorities and different stakeholders. Extraction of natural resources is based on prior prepared and well-motivated optimal use schemes allowing to maximise economic benefit while avoiding irreversible damage and wasting. A sustainable consumption mechanism will have been incorporated into the criteria of public procurement procedures, national investment programmes, etc. (on the basis of which projects are

selected for investment)

- **Value judgements concerning the use of the environment proceed primarily from the need to preserve an ecologically balanced living environment.** Landscape plans covering the entire country envisage the regional functioning of mechanisms ensuring a balance between human-made and natural landscapes and facilitating the opportunities of all residents to use the recreational resources of the natural environment. The principle that prohibits the use of the environment on the verge of risk has taken firm root. Development of knowledge and technologies may be inducing changes in the management of certain resources. The state is supporting traditional land use practices (fields, pastures, forest) through its regional policy.
- **Estonia is a worthy participant in global ecological developments.** Estonia is party to the main international conventions and is actively implementing measures for preserving and improving the status of the environment of the Baltic region. A balance/database of transboundary pollution and pollution originating from Estonia has been created, pollution target values have been agreed upon and used as a basis for recalculating pollution charges and establishing new charge rates. The ratio of pollutants generated (incl. atmospheric emissions, packaging, etc.) in relation to material benefits produced have considerably decreased.

Ecopolicy for the achievement of desired status:

Economically and ecologically optimal use schemes have to be developed for the natural resources of Estonia. As the first step, registers encompassing all natural resources and landscapes should be created. The use of natural resources should be organised by the principle “from raw material to product”, taking into account the “buffer principle” (not to act on the verge of danger but to leave reserves for unexpectancies).

A national sustainable development monitoring system has to be established for assessing the components of the objective of ecological balance, both by using the existing environmental monitoring data and by adding new structures for assessing all indicators and monitoring all processes.

The use of renewable natural resources has to be based on the principle that the use of resources should not exceed their regeneration capacity. Fossil or non-renewable natural resources should be used consistent with the principle that their exploitation has to be secured until they can be replaced with some other resource, e.g. a renewable resource.

Discussions and studies on the location and coverage of protected territories have to be launched. The current intensive expansion of protected areas in the conditions of weak and soft administrative management is not effective enough. It is important that the legislation regulating the use of the natural environment is obeyed without question.

Tax policy has to include mechanisms for promoting recovery of materials and pollution charges for reduction of pollution.

Energy management of Estonia has to be reorganised by supporting and giving preferential treatment to low-energy activities. Environmentally friendlier modes of transport should be preferred. As renewable energy production is inevitably accompanied by problems related to the use of landscapes – loss of habitats, additional load during the harvesting of biological resources, noise, spoilt landscape, etc., it is necessary to develop mechanisms allowing adequate assessment of and compensation for adverse environmental impact.

The principles of sustainable development are defined among the principles of the 6th Environmental Action Programme of the European Union: “decoupling between environmental pressures and economic growth whilst being consistent with the principle of

subsidiarity and respecting the diversity of conditions across the various regions of the European Union”. “Decoupling” also means that with the significant increase of production the absolute value of environmental pressures may rise within the limits of environmental standards, but the environmental load per one production unit has to decrease. The increase of production should not be achieved by the extensive expansion of environmentally influential production, accompanied by the proportional enlargement of environmental load. By no means should the increase in production result in the contamination of the environment (exceeding of environmental standards), or in the significant worsening of the status of the environment.

The objective of the aforementioned programme: “promoting best practice with respect to sustainable land use planning, which takes account of specific regional circumstances with particular emphasis on the Integrated Coastal Zone Management programme” is also worth noting. We are still unable to implement the principles of sustainable land use planning.

It is concluded in the National Environmental Health Action Plan of Estonia that widespread distribution of environmental factors hazardous to health has a significant impact on public health – up to 40% of the cases of death may be caused by the environmental factors. The impact of environmental factors on morbidity is probably much larger than its impact on the mortality.

Sustainable development has to be the clearly defined priority of the ERDP.

Overview of the environmental law of the EU and Estonia

The Constitution of the Republic of Estonia considers nature as national riches which shall be used economically. Economical use of the environment in the first place means to consider the interest of other users of the environment to receive benefits of clean environment and to ensure necessary protection of nature.

Below is the short description of the EU and Estonian environmental legislation listed by different topics.

Protection of biodiversity is organized according to the Nature Conservation Act. On the basis of Council Directives 79/409/EEC and 92/43/EEC national programme Estonian Natura 2000 2000–2007 for the organization of protected habitats and species has been prepared.

Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000, establishing a framework for Community action in the field of water policy, foresees the achievement of the objectives of the directive through the implementation of water management plans. Protection and use of water is based on the Water Act. The protection and use of water is regulated by water management plans. Sub-basins (8 sub-basins) water management plans will be completed presumably in 2006, river basins water management plans (3 river basins) will have to be completed in 2008 at the latest. For the agricultural sector, Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources also has great importance.

The Ambient Air Protection Act, international agreements and the EU directives are the basis for the protection of ambient air. As a member of the EU, the requirements of the Directive 2001/77/EC of the European Parliament and of the Council on the promotion of electricity produced from renewable energy sources in the internal electricity market have to be fulfilled. The objective of this directive is to achieve that by 2010 the share of renewable energy sources in the EU is at least 12%, including 5,1% of electricity production.

The basis for waste-related legislative acts are Council Directive 75/442/EEC on waste and Council directive 91/689/EEC on hazardous waste. Estonia has adopted the Waste Act (2004) and the Packaging Act (2004). National waste management plan was adopted by *Riigikogu* on 4 December 2002.

The Integrated Pollution Prevention and Control Act (based on the IPPC – Council Directive 96/61/EC, concerning integrated pollution prevention and control) defines the preventive orientation of waste generation regarding the environmental management of larger producers. It is important for the larger agricultural producers to follow the aforementioned act and the regulation of the Government of the Republic: “Sub-activities and threshold capacities subject to integrated permits and deadlines for operators of existing installations for submitting applications for integrated permits”. In order to avoid or reduce harmful impact on the environment from intensive agricultural production, larger producers in the field of cattle, pig and poultry farming will have to proceed from the requirement of the best available techniques.

The principles of the sustainable use of nature and natural resources are defined in the Estonian Sustainable Development Act.

The principles of sustainable protection, use and planning of landscapes are defined in the European Landscape Convention, adopted by the European Commission in 2000. Unfortunately, Estonia has not joined this convention yet.

Soil protection act is still missing. It is considered a good practice to preserve fertile soils as national riches.

The environmental legislation and environmental policy of the European Union have been integrated into Estonian legislation and Environmental Strategy 2010.

Estonian environmental strategy until the year 2010

The main objective of Estonian environmental policy is to guarantee a healthy environment to people’s satisfaction and the necessary resources for economic development without significantly damaging nature, while preserving the diversity of landscapes and ecosystems and taking into account the level of economic development. This requirement is incorporated into different national laws and in other legislative acts, such as the Sustainable Development Act, the Law on the Protection of Estonian Nature, the Water Act, the Waste Act, the Ambient Air Protection Act, the Earth’s Crust Act, the Forest Act, the Fishing Act, the Law on Hunting Management, the Law on Protected Natural Objects, the Planning and Building Act etc.

The implementation of national environmental policy has to follow strategic developments and specific action plans.

The principles and objective of Estonian Environmental Strategy

According to § 5 of the Constitution of the Republic of Estonia the natural resources of Estonia are national riches which shall be used economically. According to § 53 everyone has a duty to preserve the natural environment and to compensate for damage caused to the environment.

Estonian Environmental Strategy 2010, adopted by *Riigikogu* on 26 October 2005 follows the European Union Lisbon strategy, the European Union strategy on sustainable development, the 6th Environmental Action Programme of the European Union, the strategy of the Government of the Republic “Estonian Success 2014”, the policy of the Government of the Republic towards European Union in 2004–2006 and the draft version of the strategy “Sustainable Estonia 21”.

The implementation of national environmental policy is directed: towards balanced development of economy, social sphere, nature use and nature protection; establishment of well-functioning institutional system in order to achieve it; systematic and forethought use of financial resources allocated for the protection of the environment.

Environmental strategy is a basis for the designation of national environmental activities and the development of international co-operation. Environmental strategy takes into account

Estonian historical, cultural and nature conservation traditions and also social and economic situation. The strategy defines the development trends and tasks of Estonian nature use and protection of the environment until 2010.

The main objective of the environmental strategy is to ensure satisfactory and healthy environment for people and necessary resources for the development of the economy without causing significant harm to the environment, preserving the diversity of landscapes and biota and considering economic development.

The strategy is based on the following internationally acclaimed principles of environmental protection.

	Principles	Short description
1	the sustainable use of the environment	To influence economic development and the motives of people's behaviour towards environmentally sustainable direction and to establish environmental restrictions
2	preventive action	To prefer preventive measures, which is less expensive but more beneficial than the elimination of consequences
3	precaution	To block planned activities until the clarity about their potential negative environmental impact has not been achieved
4	strategic integration	Incorporation of environmental aspects into the development strategies of every economic sector and sphere of life
5	legal coverage	Consideration of environmental aspects in all legislative acts regulating economic and social sphere
6	integrity	Implementation of environment-sparing technologies in industry, agriculture, energy and transport
7	common riches and care	To design common belief about the environment as national riches among all the groups of society
8	"polluter-pays"	Obligation of the users and polluters of the environment to entirely compensate for environmental damages
9	life-cycle	To include into the net cost of a product the cost of used natural resources, all expenses related to environmental protection and the damage caused to the environment during the whole life-cycle of a product, service or production circle (production, distribution, consumption, final disposal)
10	international co-operation	To prevent in every respect the negative transboundary environmental impact and to broaden the access to global know-how

	Principles	Short description
11	divided responsibility	Implementation of environmental measures at the political and administrative level where they give the best result
12	“producer responsibility”	Producers’ obligation to organize the collection of products transformed into waste and their handling and recycling in as large volume as possible
13	vicinity	Processing of disposable waste as close to its place of origin as possible in the relevant facilities meeting environmental requirements
14	protection and conservation of nature	To ensure the preservation of rare, endangered and representative habitat types, species and their habitats, valuable landscapes and single natural objects

On 18 October 2006 the draft version of the new Estonian Environmental Strategy until the year 2030, was published. It is based on the principles of the national strategy on sustainable development “Sustainable Estonia 21”. New strategy analyses the environmental problems of all main areas of the environment and defines alternative action plans. Main areas of the environment are:

- Environment, health and the quality of life;
- Preservation of landscapes and the diversity of nature;
- Sustainable use of natural resources and the reduction of waste generation
- Prevention of climate changes and air quality
- Environmental management

The draft version of the new Estonian Environmental Strategy until the year 2030 is available on the website of the Ministry of the Environment (address <http://www.envir.ee/181530>)

METHODOLOGY OF ENVIRONMENTAL IMPACT ASSESSMENT

Methodology

During the course of the SEA all relevant Estonian legislative acts and good practice have been followed. Basic legislative act is EIA&EMSA. In addition to the Estonian environmental legislation the Estonian Environmental Strategy until the year 2010 and the draft versions of Estonian Environmental Strategy until the year 2030 and Estonian Environmental Action Plan 2007–2013 have been followed.

It has been taken into consideration that the methodology of planned strategic environmental impact assessment has to comply with the requirements of the SEA (Directive 2001/42/EC of the European Parliament and of the Council on the Assessment of the Effects of Certain Plans and Programmes on the Environment) and to the requirements of the ex-ante evaluation concerning structural funds. The methodology also follows the regulation No. 302 of the Government of the Republic from 13th of December 2005 “Types of strategic development plans, the procedure for their preparation, amendment, implementation, evaluation and reporting” and guidelines from the Ministry of Finance “Strategic Planning Handbook” (2006).

Experiences regarding the evaluation of the ERDP 2004–2006 and NDP have also been taken into account. Compared to the previous programming period the number of structural funds has decreased, Cohesion Fund has been added into common framework. Rural development investments have been consolidated into single programme – the ERDP. The planning of State Budget Strategy (SBS) and related structural funds has become more clear. For the period 2004–2006 a separate National Development Plan (NDP) for the implementation of the structural funds was prepared. For the EU budgetary period 2007–2013 a strategy regarding the use of structural funds will be prepared in the framework of the elaboration and as a part of SBS 2007–2010. This will make programming work more comprehensive compared to previous period and provides better possibility to assess environmental impact.

Potential environmental impact of the implementation of development plan and the possibilities for the mitigation of negative impacts have been assessed.

Proposals with the aim to increase the positive environmental impact of the ERDP and to avoid potential negative environmental impacts have been presented.

In the current programming period the Estonian Environmental Strategy until the year 2010 has been amended, at present the Estonian Environmental Strategy until the year 2030 and Estonian Environmental Action Plan 2007–2013 are in the stage of draft.

The main challenge in the preparation of period 2007–2013 is the decoupling of economic development from the deterioration of environmental situation. As a general rule, EU funds do not finance projects with negative environmental impact. However, the negative impact of single projects combined with the effect of other developments can not be excluded, particularly in the background of uneven administrative capability.

Determination of significant environmental impact

Paragraph 5 of the Environmental Impact Assessment and Environmental Management System Act defines significant environmental impact: “Environmental impact is significant if it may potentially exceed the environmental capacity of a site, cause irreversible changes to the environment, endanger human health and well-being, the environment, cultural heritage or property”.

Paragraph 6 of the abovementioned act provides the list of activities and threshold values with a significant environmental impact and cases where the conduction of environmental impact assessment is mandatory. Such activities in the field of agriculture include the construction of installations for the intensive rearing of poultry, pigs or bovine animals with more than 85 000

places for broilers, 60 000 places for hens, 3 000 places for production pigs (over 30 kg), 900 places for sows, 450 places for dairy cows, 600 places for beef animals or 900 places for young bovine animals of up to 24 months of age.

The exceedance of the environmental tolerance of the location of activity can be assessed primarily with the help of environmental standards. Exceedances of environmental standards can jeopardize human health and wildlife. Exceedance of standards as a result of planned activity should be avoided.

It is the assumption of the Evaluator, that during the implementation of projects carried out in the framework of the measures their compliance with environmental requirements and the following of good practice will be ensured.

Choice of indicators

Environmental objectives ja criteria can be divided into three groups:

- Bringing facilities into compliance with environmental requirements;
- Bringing the status of environment into compliance with environmental standards (good status of water bodies, favourable status of species, the compliance of ambient air with environmental standards);
- Restriction and reduction of environmental load (e.g. through the activities stated in the integrated environmental permits)

Criteria can be defined as a set of conditions (e.g. conformity of the project to all environmental requirements as stated in the legislative acts), indicators (environmental indicators) should be simpler.

The ERDP does not provide indicators for the monitoring of the status of environment in rural areas and environmental impact of measures. Some quantified targets are presented in the ERDS, which are not sufficient for the monitoring of the environmental impact of the ERDP. In addition, the ERDP has defined indicators for the monitoring of success of the implementation of measures, but these are mainly socio-economical and not suitable for the assessment of environmental condition (except partially measures of priority axis II – improving the environment and the countryside).

Proposal

It is recommended to look through the choice of environmental indicators in the ERDP and to amend it. It is necessary to define the environmental indicators for the monitoring of the status of all main areas of environment, such as water quality, air quality, landscape diversity, biological diversity, soil.

Sample recommendations for the choice of environmental indicators regarding the implementation of the ERDP measures:

Water	Number of wells, where the exceedance of nitrogen compounds, pesticides and other dangerous substances above the limit has been detected Compliance of drinking water with its standards Ecological situation of watercourses and chemical composition of water Ecological situation of lakes and chemical composition of water Quality of bathing water, number of contaminated bathing sites
Air quality, climate change	Changes in the greenhouse gas (CO ₂ , NH ₃ , N ₂ O etc.) emissions from agriculture Volume of biogas used for the production of electricity, number of installed power generators and their capacity share of renewable energy sources to heat and electricity production

Landscapes and biological diversity	<p>Size of the area under semi-natural habitats compared to the whole mainland area</p> <p>Size of the agricultural land out of use compared to the whole area</p> <p>Changes in the number of endangered animal species</p> <p>Share of endangered species</p> <p>Number of bird species common to agricultural landscapes</p> <p>Changes in the number of wild game</p> <p>Size of the land under agri-environmental support compared to the whole agricultural land</p> <p>Share of organically farmed land compared to the whole agricultural land</p>
Soil	<p>Changes in the content of organic matter</p> <p>Changes in the number of earthworms</p> <p>Changes in acidity</p> <p>Changes in the content of main nutrients (nitrogen, phosphorus, magnesium etc.)</p>
Environmental management	<p>Number of agricultural holdings implementing environmental management systems</p>

DESCRIPTION OF THE EXPECTED INFLUENCEABLE ENVIRONMENT

Status of the environment and environmental problems in Estonia

Estonian environmental condition as a whole is good. It is caused by low population density, low intensity of agricultural production and efforts made in the sphere of environment. On the other hand the negative environmental impact of economical activities on the status of water and air is high compared to the number of people and productivity of economic sector.

Environmental condition in North-Eastern Estonia, Tallinn and in the areas of intensive agricultural production is bad in some areas. The achievement and maintenance of satisfactory or good environmental condition in these areas demands continuous efforts. Due to the decrease of traditional land use the preservation of valuable landscapes and semi-natural habitats demands constant care. Possibilities to use landscapes for recreational purposes are worsening: some of the recreational landscapes around towns are being covered by construction activities or garbage, in other areas the closing of landscapes for movement at the initiative of private land-owners has begun.

In the course of the analysis of the use of natural resources and environmental condition several important environmental problems have been defined. Soil fertility, water, forests, fisheries and natural resources are very important in the sense of ensuring Estonian long-term development. It has to be possible to use natural resources for the purposes of economic activities, but at the same time it has to be done sustainably. There are enough natural resources to satisfy Estonian internal needs and their status is relatively good.

In Estonia (as in the European Union) the most important aspect concerning environmental problems is the assurance of public health. Environmental impact on health reveals itself above all through contaminated air and low quality of drinking water. The harmful effect of environment on health has not been studied much in Estonia. In the towns of Northern-Estonia the increase of disease contraction depending on the growth of the share of pollutants in ambient air has been observed. In the industrial regions of North-Eastern Estonia the disease contraction regarding respiratory tract diseases is bigger than in other parts of Estonia. Agricultural products grown in the areas of Narva and Sillamäe contain more harmful microelements compared to the products grown in the areas around Tartu. It is caused by natural characteristic features of the ground, but in most cases it does not exceed permitted standards.

The most important environmental problems in Estonia are:

- insufficient environmental awareness and concern of some people, enterprises and organizations;
- insufficient control regarding the use of dangerous substances, residual pollution, environmental accidents;
- bad environmental condition in some places of the industrial regions of North-Eastern Estonia, Tallinn and Harju County;
- regional pollution of groundwater and surface water in the areas of intensive agricultural production;
- threatening of valuable landscapes and habitats due to the intensifying economical activities or the termination of economical activities in rural areas, decrease of recreational landscapes;
- pollution of ambient air and air in towns, which has negative impact on human health, ecosystems and buildings;

- decrease of the groundwater quality and quantity due to the unreasonable use and contamination of groundwater resources;
- unreasonable use of water bodies, pollution and eutrophication, decrease in the reproduction and quality of water biota, including fisheries resources.

Status of the environment in Estonian rural areas

Estonian total area is 45 227 km², of which land area covers 43 200 km². More than a half of the land area is forest land, one third is agricultural land, and one fifth is covered by mires and bogs.

Agriculture is the branch of economy which has undergone the deepest changes during the transition period. Regardless of the decreased share of agriculture in Estonian economy, its significant role in supplying rural population with food, in rural enterprise and in shaping cultural landscape has survived.

Thanks to long-time agricultural activities and in particular to mowing and grazing, valuable semi-natural habitats have developed, considering their value in terms of biological diversity and cultural heritage.

The inventory of habitats has indicated that the considerable decrease in the area of meadow habitats has been caused by the disappearance of traditional agricultural methods such as mowing and moderate grazing. Partly, moderate grazing is also related to traditional small farms and raising of local and indigenous breeds. Due to the reduction of agricultural activity, the former permanently attended areas may become overgrown with weeds and shrubs and turn into woods in the long run.

Before 2004, 12% of the inland territory of Estonia was covered by nature conservation restrictions. In the course of the inventory, taken within the framework of establishing a network of forest protection areas and the Natura 2000 network, added further 4%. There are a total of 692 000 ha of Natura 2000 network areas on mainland, this makes up 16% of the total area of Estonia. Agricultural lands make up 55 000 ha (8%) and private forest lands 80 000 ha of those areas. The share of forests located in Natura 2000 network areas is 20,8% of the total forests of Estonia.

According to the data of 2004, the area of protected and protection forests totals to 705 700 ha. Soil and water protection forests make up 6,8% of the whole forest land of Estonia. According to the data of 2004, the area of water protection forests makes up 14,1% (99,4 thousand ha) of all protected and protection forests. This makes up 4,3% of the whole forest land of Estonia. According to the data of 2004, the area of soil protection forests makes up 8,1% (56,9 thousand ha) of all protected and protection forests. This makes up 2,5% of the whole forest land of Estonia.

In the Estonian natural, low density and extensively used regions, the condition of groundwater is good. The condition of the top layer of groundwater near the surface is bad in the vicinity of point source pollution (farms, manure storage facilities, dunghills in fields, silage storage facilities) and in the areas of intensive production, where the surface layer is thin and the groundwater recharge is unfavourable (e.g. Adavere-Põltsamaa region).

Main pressure factors on the environment resulting from agriculture

Main pressure factors affecting water quality

Agriculture has a significant influence on the quality of water bodies and groundwater layers. Although the agricultural production dropped almost two times at the end of the 20th century, and at the present day its negative impact can be recognized especially in the areas of intensive agricultural production and with non-protected groundwater and also in the headwaters of rivers and smaller lakes. The pollution of groundwater with organic matter and nitrates makes near-surface groundwater in some areas unsuitable for drinking. Although the

use of plant protection products has decreased abruptly after the end of the Soviet era, the trend of the last years shows a raise in the use of pesticides, one of the reasons of this is partly the minimized cultivation of soils. On the technical side the biggest problem is the lack of manure storage facilities in conformity with requirements, poor management of manure spreading, incl. abandonment of manure spreading and technical deficiencies of manure spreading equipment.

Even if the environmental requirements in force have been followed formally, it is not possible to guarantee good condition of groundwater and surface water in all areas. Agricultural supports will foster the intensification of production and consequently the indirect impact on environment. Continuous concentration of animals into large farms will take place.

Condition of the water bodies

The majority of Estonian water bodies can be considered as being in a good state. The inflow of plant nutrients to the Baltic Sea has dropped more than two times compared to the 1980's. The status of small watercourses in the areas of intensive agricultural production is acceptable or bad. Water quality of the headwaters of rivers in the areas of intensive production is bad in some places, since the small volume of flow does not compensate even small-scale pollution. Small lakes are often eutrophicated due to the pollution from agriculture (mainly earlier).

Groundwater

In the Estonian natural, low density and extensively used regions, the condition of groundwater is good. The condition of the top layer of groundwater near the surface is bad in the vicinity of point source pollution (farms, manure storage facilities, dunghills in fields, silage storage facilities) and in the areas of intensive production, where the surface layer is thin and the groundwater recharge is unfavourable (e.g. Adavere-Põltsamaa region).

The basis for the European Union's water policy is the EU water policy framework directive. Based on this the member states will prepare water management plans. The main objective of water management plans is to ensure the sustainable use of water and good condition of water by the year 2015. Agriculture is one of the main pressure factors to the surface water and groundwater. Plant production and animal husbandry are based on the use of nature's environmental services and the differences in the condition of water in agricultural areas and nature areas are inevitable.

More important objectives of the water policy framework directive related to agricultural production

Drinking water:

- to ensure safe drinking water for all people in Estonia and to the people connected with common waterworks the drinking water in conformity with quality standards by the year 2013;
- to ensure the protection of groundwater and surface water intakes used as a source of drinking water in order to avoid the worsening of the quality of drinking water.

Groundwater and surface water:

- to achieve good status of groundwater and water bodies, including sufficient protection of water-habitats by the year 2015;
- to ensure the conformity of bathing water to requirements;
- to obtain complete overview of the status of water in each river basin with the help of monitoring programs.

Combined approach in case of point source and diffused pollution:

- control of discharges according to the best available technique and corresponding limit values of discharge, to ensure control measures regarding diffused pollution, including best environmental practice;
- to implement additional measures for the reduction of sewage emissions in case of inadmissible worsening of environmental condition (pollution of water, bad condition of water bodies).

Sub-objectives arising from Nitrates Directive:

- to restrict nitrate pollution originating from agriculture. In nitrate-vulnerable areas manure storage facilities and the handling of manure will have to comply with the requirements imposed by the Water Act by the 31st of December 2008, in other areas starting 2010;
- to implement the action plan for the reduction of nitrates pollution of nitrate-vulnerable areas by the year 2009;
- recommendatory implementation of Good Agricultural Practice.

The Integrated Pollution Prevention and Control (IPPC)

- to implement best available technique (BAT);
- large pig, cattle and poultry farmers will have to submit applications for integrated environmental permit by the 1st of January 2007.

The **quality** of water bodies and groundwater is strongly affected by (pollution of water bodies and groundwater, worsening of the situation):

- Point source pollution: animal farms (manure; silage; effluent); storages for dangerous substances (liquid fuel, poisonous chemicals (including residual pollution));
- Diffused pollution: plant production – use of manure, mineral fertilizers and poisonous chemicals.

Agricultural facilities – silage storage places, manure and fertilizer storages – are causing the pollution of water bodies, mainly with plant nutrients (phosphorus, nitrogen and organic compounds). The multitude of nutrients makes water bodies eutrophic, reducing the level of oxygen in water and damaging the habitats of the water bodies. Nitrates leaked into the groundwater will exclude the possibility of using groundwater for drinking.

In order to prevent point source pollution arising from agriculture the minister of the environment with its regulation based on the Water Act has established water protection requirements for the storage and use of manure, fertilizers and silage. For the use of waste water sediment and for the reduction of the impact of containing nutrients and heavy metals the minister of the environment with its regulation based on the Water Act has established requirements for the use of waste water sediment in agriculture, green area creation and recultivation.

The main pressure factors regarding the **physical status** of water bodies are:

- dredging and straightening of rivers during the process of land improvement;
- blockading of watercourses with dams;
- lowering the water level of lakes for the purpose of land improvement.

The impact of abandoned land improvement systems, especially polders, on the water and the condition of now useless artificial water bodies established during land improvement is also significant.

The main problem is the fact that at the present time approximately 80% of manure storage facilities are not in compliance with requirements. The prediction is that it will be good if by the end of 2008 50% of larger manure storage facilities and maybe 25% of smaller ones will be renovated [16].

Main protection measures regarding water quality in the ERDP

The most important measures concerning the protection of the condition of water in the ERDP are:

- *modernisation of agricultural holdings*. In the framework of its submeasures I – *investments into the development of micro agricultural producers* and II – *long-term investments of agricultural producers* – the producers have a possibility to invest into the upgrading of manure handling.
 - In the framework of the ERDP 2004–2006 the establishment of manure storage facilities started at good pace, but clear overview of the number of storages brought into conformity with environmental requirements is missing. Hopefully more than half of manure storage facilities (based on the volume of stored manure) will be brought into conformity by the date required.
 - Bigger stock farmers will have the obligation to use the best available technique (BAT) concurrent with an integrated environmental permit.
- *agri-environmental support*, which should promote the implementation and continuous use of environmentally friendly management methods for the reduction of diffused pollution originating from agriculture.
- *establishment of protection forest*, under which it is possible to establish protection forests in the sanitary protection zones of water intakes and water bodies.
- *advisory, training and information activities* have indirect positive impact on water quality. In the framework of these measures agricultural producers have an opportunity to receive relevant training, including on the issues of the sustainable management of natural resources, environmental protection requirements, maintenance and improvement of landscapes and production practices suitable for environmental protection.

Measures with two-way (both positive and negative) impact on the status of water could be:

- *infrastructure of agriculture and forest management*. In the framework of this measure, the activities targeted to ensure the functioning capacity of drainage systems on agricultural and forest land will be supported.

Main pressure factors affecting the quality of air and climate change

Over the next hundred years the rise of temperature could be one of the main global environmental problems. Radiation from the sun to the earth shapes climate and weather. A part of solar radiation is absorbed in atmosphere and in the ground. Temperature is affected by another natural and also inevitable phenomenon, known as greenhouse effect.

The most important greenhouse gases are carbon dioxide (CO₂), methane (CH₄), dinitrogen oxide (N₂O) and tropospheric ozone (O₃). In order to stabilize the level of CO₂ in the atmosphere of the earth, according to scientific research it is necessary to reduce the current amount of carbon emission at least 60–80%, which corresponds to the most modest requirements. The main climate change factors are energy, agriculture, waste management and transport. In the European Union, agriculture occupies the 2nd place behind energy as a source of greenhouse gases.

The UN Framework Convention on Climate Change was entered into in 1990. Estonia ratified it in 1994. The main aim of the Convention was the reduction of greenhouse gas emissions by 2000 to the emission level of 1990.

In agriculture, the main greenhouse gases are methane (CH₄) and dinitrogen oxide (N₂O). It is assumed that methane is 21 times more dangerous than carbon dioxide and dinitrogen oxide is 310 times more dangerous than carbon dioxide (1 ton of CH₄ equals to 21 tons of CO₂; 1 ton of N₂O equals to 310 tons of CO₂).

The main amount of methane is generated during the anaerobic fermentation in the gastrointestinal tract of animals or in manure storage facilities. The main amount of N₂O pollution is created as a result of microbiological processes (nitrification, denitrification) during the use of fertilizers.

From agriculture ammonia (NH₃), which evaporates during the handling of manure (transportation, storage, spreading), has the main influence on air quality.

Carbon dioxide originates primarily from the combustion processes (incl. aerobic decomposition).

Main protection measures of the ERDP, regarding air quality and climate changes

In the ERDP, the most important measures concerning the protection of air quality and climate change are:

- modernisation of agricultural holdings. In the framework of its submeasure III (investments into the production of bioenergy) the producers have an opportunity to invest into biogas production projects (i.e. the reduction of methane emission), it is possible to reduce the use of fossil fuels with the production of biomass and biofuels.
- modernisation of agricultural holdings. In the framework of its submeasures I (investments into the development of micro agricultural producers) and II (long-term investments of agricultural producers) the producers have an opportunity to invest into the upgrading of manure handling.
- *adding value to agricultural products*, under which it is possible to invest into the equipment for the production of biofuels.
- *agri-environmental support (incl. organic farming, environmentally friendly management in nitrate-vulnerable area, environmentally friendly management)*, which should promote the implementation and continuous use of environmentally friendly management methods for the reduction of diffuse pollution originating from agriculture, incl. the reduction of N₂O emission arising from the processes of nitrification and denitrification caused by fertilization.
- *improving the economic value of forests and adding value to forestry products*, under which the actions helping to prevent forest fires will be supported.

- *establishment of energy shrubs*, which should promote the increase of the quantities of raw material for bioenergy and thereby help to contribute to the mitigation of climate change.
- *advisory, training and information activities* have indirect positive impact on air quality and climate change. In the framework of these measures agricultural producers have an opportunity to receive relevant training, including on the issues of the sustainable management of natural resources, environmental protection requirements, maintenance and improvement of landscapes and production practices suitable for environmental protection.

Main pressure factors affecting biodiversity and the diversity of landscapes

In comparison with the other areas north of the 57th parallel, as for their diversity the Estonian fauna and flora are among the richest in the world.

Biological diversity of agri-environment is measured on genetic level and on the level of species and ecosystem. In agriculture they are being studied separately regarding production-related organisms and living environment and the habitats of rare and endangered species.

Preservation of genetic resources

In Estonia, there are several unique endangered varieties, valuable for their genetic and population diversity. During the last decade, the number of Estonian native cattle was preserved thanks to the application of support payments. The number of Estonian native horses has even increased due to their active use for riding and farm tourism. At present, there are about 950 pure-bred Estonian native horses (about 450 mares), 450 Tori horses (about 330 mares), 80 Estonian heavy draughts (about 60 mares) and 700 head of Estonian native cattle (about 500 cows) in Estonia.

According to the FAO classification, they belong to the category of endangered breeds to be maintained and for the preservation of above mentioned breeds active conservation programme has been implemented.

Biological diversity

In comparison with the other areas north of the 57th parallel, as for their diversity the Estonian fauna and flora are among the richest in the world. In Estonian rich flora we can find approximately 5000 different species of plants and 3500 fungus species, many of them being protected. In fauna nearly 10 000 species of invertebrates (presumed number of species is 20000 according to Jaan Luig) and 500 species of vertebrates have been found. This has been caused by the variation of conditions.

Thanks to long-time agricultural activities and in particular to mowing and grazing, valuable semi-natural habitats have developed, considering their value in terms of biological diversity and cultural heritage. The prerequisite for this unusual diversity is long-lasting annual mowing. The former permanently attended areas will turn into dead grass, be overgrown with bushes and turn into woods in the long run.

Semi-natural lands created as a result of extensive agricultural production before the World War II are no longer needed. It is subject to an agreement how much of those lands should be preserved with the help of support, since this will largely be permanent cost for taxpayers.

In the nearest past, drainage has been a substantial cause for the damage of mire habitats. The condition of forest habitats is quite good. In time the area of peatland forests has decreased.

At the end of the 19th century, the share of forests in the total area of Estonia was 25%, in 1940 31%, in 1965 36%, and approximately 50% at the present time. It is presumed that the share of forests will increase to 58% by the year 2030. Such a large growth of forests during

the second half of the last century allows us to believe that the total area of the so-called wet forests at the present time need not be smaller than their area 50 years ago.

30% of the total area of Estonia is under wetlands. In Estonia, vast natural mires have been preserved, wetlands will expand at the cost of abandoned drained agricultural lands (mainly polders and flooded areas of rivers).

As feeding places, coastal meadows have priceless value for geese during the spring and autumn migration.

Overgrowing of coastal areas causes damage to farmers as having no food in their usual feeding places barnacle geese will raid fields. According to bird monitoring, the number of barnacle geese staying in Estonia has increased approximately 10 times during the monitoring period (1964–1999), from 15 000 individuals to 160 000. In 2001 and 2002, the compensation for the damage caused by protected species, incl. the expenses related to the prevention of damages, was 1,5 million kroons.

The Red Book defining rare ja endangered species contains 1318 different forms of biota. Environmental monitoring shows the decrease of the habitats of natterjack, green-toad and common spadefoot.

The overgrowing of river flats with shrubs will encourage the unrestrained spreading of beavers, too many impassable wetlands will be created, the living and breeding habitats of valuable fish species will disappear, while the habitats of amphibians will expand.

Forest is one of the prevailing ecosystems of our nature and forestry is one of the most important sectors of the economy, affecting the diversity of our nature. In Estonian forests, there are more than 10 000 species of invertebrates (mainly insects), more than 2500 fungus species, hundreds of moss species, approximately 500 lichen species, more than 450 vascular plant species, and approximately 150 species of vertebrates. The forest policy of Estonia acknowledges the high natural and ecological value of Estonian forests, which is protected in conformity with international resolutions and conventions ratified in Estonia.

Natura 2000 network

Before 2004, 12% of the inland territory of Estonia was covered by nature conservation restrictions. In the course of the inventory taken within the framework of establishing a network of forest protection areas and the Natura 2000 network, further 4% were added. There are a total of 692 000 ha of Natura 2000 network areas on mainland, this makes up 16% of the total area of Estonia. Agricultural lands make up 55 000 ha (8%) and private forest lands 80 000 ha of those areas. As of 1 January 2003, protected areas covered 484 144 ha, which makes up 10,7% of the total area of Estonia (without the sea area). The number of Estonian protected areas totals to 363 (as of 1 January 2003). According to the data of the environmental register, there are (as of 1 January 2006) 391 protected areas (incl. 5 national parks), 543 parks and forest stands, 127 special conservation areas, 666 permanent habitats, 1 natural object protected by a local government, 301 areas with temporary restrictions and 1172 single natural protected objects in Estonia.

Pressure factors

Main pressure to biological and landscape diversity proceeds from economic aspects – on the one hand, we have intensive and economically most efficient agricultural production, where all additional costs for the preservation of biological and landscape diversity are avoided, on the other hand, regional marginalization can bring about complete stoppage of agricultural activities in less-favoured areas, resulting in the overgrowing of agricultural land with shrubs and its dropping out of use.

Main biological and landscape diversity protection measures in the ERDP

The most important measures concerning the protection of biological and landscape diversity in the ERDP are:

- *support for less-favoured areas*, which encourages to maintain the countryside through continual use of agricultural land in less-favoured areas and to promote the improvement of the environment and the countryside by the maintenance of lands.
- *support for the maintenance of Natura 2000 network semi-natural habitats*, which enables to maintain and improve biological and landscape diversity through the maintenance of lands.
- *agri-environmental support* (incl. organic farming, environmentally friendly management, environmentally friendly management in nitrate-vulnerable area, keeping animals of local endangered breeds, growing plants of local varieties), which should promote the implementation and continual use of environmentally friendly management methods in order to preserve and increase biological and landscape diversity and to ensure the conservation of local endangered breeds and plant varieties valuable for cultural heritage and genetic diversity.
- *support for non-productive investments* (incl. demolition of agricultural production buildings left out of use, establishment and restoration of stonewalls), which should contribute to the improvement and reconditioning of the appearance of agricultural landscapes.
- *advisory, training and information activities* have indirect positive impact. In the framework of these measures, agricultural producers have an opportunity to receive relevant training, incl. on the issues of the sustainable management of natural resources, environmental protection requirements, maintenance and improvement of landscapes and production practices suitable for environmental protection.

Measures with two-way (both positive and negative) impact on biological and landscape diversity can be:

- implementation of Axis III – *the quality of life in rural areas and diversification of the rural economy* – measures;
- *establishment of protection forest & energy shrubs*;
- *support for setting-up of young agricultural producers*;
- *infrastructure of agriculture and forest management* – preserving the operation of drainage systems on agricultural and private forest land;
- *improving the economic value of forests and adding value to forestry products*;
- *support for the maintenance of Natura 2000 network semi-natural habitats*;
- *Natura 2000 support for agricultural land*;
- *Natura 2000 support for private forest land*.

When implementing measures with two-way expected environmental impact significant negative environmental impact must be avoided. Permission to raise the intensity level of management in a certain area must be dependent on the objectives of environmental

protection. In order to preserve biological and nature diversity, economic activities in certain areas (Natura 2000) must be stopped completely, if necessary.

ENVIRONMENTAL IMPACT ASSESSMENT OF THE ERDP MEASURES

The developer has indicated the expected environmental impact of the implementation of the ERDP and environmental indicators (quantified targets) in the Estonian Rural Development Strategy 2007–2013.

For the mitigation of the expected environmental impact, there are several measures and activities, which involve more attention to specific environmental aspects:

- additional measures for the achievement of good environmental condition in nitrate-vulnerable areas;
- implementation of best available techniques in agriculture;
- promotion of agri-environmental support and organic farming;
- liming of soils;
- activities preserving biological and landscape diversity, especially the maintenance of semi-natural habitats with high nature value;
- support for keeping animals of endangered breeds and for growing plants of endangered varieties;
- establishment and restoration of stonewalls for the preservation of cultural heritage and landscape diversity;
- demolition of agricultural production buildings left out of use for the improvement of the appearance of landscapes;
- afforestation of buffer strips for the prevention of erosion risk and the preservation of good status of water;
- contribution to the mitigation of climate change by growing renewable energy crops;
- continuation of land-use by agricultural entrepreneurs in the areas with low soil quality rating and less suitable for agricultural production for the preservation of the countryside.

The environmental impact of the ERDP measures was assessed according to the professional experience of the SEA experts. The possible direct impact of measures on different areas of the environment (air, water, landscapes, wildlife, soil, human health, cultural heritage) was assessed and the consolidated assessment was given.

Analysis of the environmental objectives of the ERDP

Since the ERDP lacks the detailed analysis and evaluation of the present environmental condition in Estonia and in rural areas, it is not possible to give concrete assessment to general and measure-specific environmental objectives of the ERDP during the current SEA.

It is necessary to specify the measure-specific environmental objectives of the ERDP according to the requirements arising from the legislation, mainly regarding the timetables for meeting standards as stated in legislation. For example, it is known that at present approximately 80% of manure storage facilities are not in compliance with requirements and apparently it is not possible to renovate more than 50% of manure storage facilities in accordance with requirements by the end of 2008. Some agricultural producers are not able to spread manure or are still doing it in winter. It is not clear, how many of the receivers of support can comply with the environmental requirements regarding manure spreading at the end of the programming period.

It is the opinion of the evaluator that it is possible to formulate environmental objectives more precisely. For example, when describing the objectives the desired status of the environment should be taken into account.

It is positive that one of the objectives of the ERDP is to increase the interest of agricultural producers in the sustainable use of the environment and to bring agricultural production into compliance with the EU environmental requirements. Therefore, the development strategy of the ERDP does not contradict to the overall principles of the protection of the environment in Estonia.

Transboundary environmental impact

The implementation of the ERDP will not cause significant negative transboundary impact. Marginal transboundary impact is related to the measures attempted to stop the acceleration of climate change, which are positive in their nature. Therefore, the involvement of the representatives from neighbouring countries in strategic environmental impact assessment of the ERDP has not been required.

Potential environmental impacts of measures

Measure / submeasure	<i>Investments into the development of micro agricultural producers</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
positive	probable positive	probable positive	neutral	neutral	probable positive	neutral
Comments and observations:	<p>It is assumed that the provision of agricultural investment support will be linked to the fulfilment of specific environmental requirements deriving from the legislation and standards in force – i.e. best available techniques regarding the transportation, storage and spreading of manure.</p> <p>Positive impact on water and air comes mainly from bringing the existing farms into compliance with imposed standards. When establishing new farms, the effect of the measure is rather restraining the worsening of environmental condition (in other words: mitigating).</p>					

Measure / submeasure	<i>Long-term investments of agricultural producers</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
positive	probable positive	probable positive	neutral	neutral	probable positive	neutral
Comments and observations:	<p>It is assumed that the provision of agricultural investment support will be linked to the fulfilment of specific environmental requirements deriving from the legislation and standards in force – i.e. best available techniques regarding the transportation, storage and spreading of manure.</p> <p>Positive impact on water and air comes mainly from bringing the existing farms into compliance with imposed standards. When establishing new farms the effect of the measure is rather restraining the worsening of environmental condition (in other words: mitigating).</p> <p>If the “industrialization” of the production with the same number of animals on wider level has neutral or even positive impact (mainly in the areas with old farms and with farms in poor state – from where the animals will be taken away), it will probably be very costly to keep good environmental condition (water, air) in the vicinity of production centres. The costs of waste handling and proper manure spreading will increase (temptation to spread slurry around the shed disregarding the standards and time). Due to the large number of cows in sheds, it is not possible to graze them.</p>					

Measure / submeasure	<i>Investments into the production of bioenergy</i>					
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impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
positive	neutral	positive	neutral	random	neutral	neutral
Comments and observations:	Positive effect comes from the production of heat and electricity from biogas, which should directly reduce the level of greenhouse gases (methane) and the consumption of fossil fuels. For the prevention of negative impact on the carbon balance of soils, the preservation of soil organic matter should be ensured. Positive environmental effect of the production of biomass on landscapes depends on the concrete project.					
Proposals:	In order to gain positive environmental impact, growing of bioenergy crops should be arranged without the use of toxic chemical agents, fertilizers and other environmentally dangerous substances.					

Measure / submeasure	<i>Adding value to agricultural products</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	neutral	neutral	neutral	neutral
Comments and observations:	Direct environmental impact cannot be detected. It depends on the concrete activity. For example, as under the measure the enterprises applying for the support for an investment ensuring bigger sustainability of the environment will be preferred, it can be assumed that the implementation of the measure will have positive environmental impact or it will cause at least the mitigation of negative environmental impact.					

Measure / submeasure	<i>Support for setting-up of young agricultural producers</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	neutral	potential positive	neutral	neutral
Comments and observations:	Direct environmental impact cannot be detected. When supporting intensive production, environmental requirements have to be followed. Positive long-term impact on landscapes may arise from the continuation of land cultivation.					

Measure / submeasure	<i>Infrastructure of agriculture and forest management</i>					
impact on	impact on	impact on	impact on	impact on	impact on	impact on

human health	water status	the quality of air and climate change	wildlife	landscapes	soil	cultural heritage
neutral	random	neutral	random	neutral	positive	neutral
Comments and observations:	During and after drainage, the elution of nutrients as a result of aerobic dissolution of peat and soil humus will increase. Drainage of lands will create preconditions for their agricultural use, environmental impact will mainly depend on the use of drained land. It is positive that in general the ability of soil nutrients (i.e. fertilizers) to absorb is larger in drained land and therefore the runoff is smaller.					
Proposals:	In order to avoid negative environmental impacts, land improvement should be supported according to land improvement plans, which should be in compliance with water management plans respectively. Environmental preferences regarding the assessment of applications should be defined more precisely. It is necessary to specify and amend the measure description in the ERDP. The construction of what kind of environmental facilities (180) has been planned?					

Measure / submeasure	<i>Improving the economic value of forests and adding value to forestry products</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	random	random	neutral	neutral
Comments and observations:	The activities necessary for the prevention of forest fires are preventing negative impacts by their nature. On the other hand, forest management with the goal of receiving economic benefit will definitely have negative impact on wildlife.					

Measure / submeasure	<i>Development of new products, processes and technologies in the sectors of agriculture, food and forestry</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
indirect positive	indirect positive	indirect positive	indirect positive	indirect positive	indirect positive	neutral
Comments and observations:	The development of innovative processes and technologies to ensure the sparing of the environment and energy may have indirect positive environmental impact as a rule.					

Measure / submeasure	<i>Training and information activities Support for advisory system and services</i>					
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impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
indirect positive	indirect positive	indirect positive	indirect positive	indirect positive	indirect positive	neutral
Comments and observations:	Dissemination of scientific knowledge, scientific achievements and innovative practises regarding the protection of the environment and new environment-sparing compulsory technologies has indirect positive impact.					

Measure / submeasure	<i>Support for less-favoured areas</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	random	positive	neutral	neutral
Comments and observations:	Positive impact of the preservation of traditional landscapes. Without the implementation of the support, the hazard to landscapes which could be left out of use and be overgrown with shrubs, will increase.					

Measure / submeasure	<i>Natura 2000 support for agricultural land</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	indirect positive	indirect positive	neutral	indirect positive
Comments and observations:	Without the implementation of the support, the hazard to wildlife, landscapes and cultural heritage in Natura 2000 areas will increase.					

Measure / submeasure	<i>Natura 2000 support for private forest land</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	positive	indirect positive	neutral	indirect positive

Comments and observations:	Without the implementation of the support, the hazard to wildlife, landscapes and cultural heritage in Natura 2000 areas will increase.
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Measure / submeasure	<i>Support for the maintenance of Natura 2000 network semi-natural habitat</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	positive	positive	neutral	positive
Comments and observations:	Biological and landscape diversity and cultural heritage will be preserved and improved.					
Proposals:	The support should be extended to the semi-natural habitats beyond the Natura 2000 areas.					

Measure / submeasure	<i>Agri-environmental support – environmentally friendly management</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	random	random	neutral	neutral	positive	neutral
Proposals:	For the achievement of more transparent positive impact, we suggest to define more precisely the conditions of receiving support and the environmental service ordered from the producers. For the achievement of positive impact, the control and monitoring system should be in place to preclude the situation where regardless of the support intensive production will be continued and the best available technique will not be implemented.					

Measure / submeasure	<i>Agri-environmental support – environmentally friendly management in nitrate-vulnerable area</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	positive	positive	probable positive	neutral	positive	neutral
Comments and observations:	The measure will hopefully help to slow down the environmental impact arising from the intensification of production					
Proposals:	For the achievement of positive impact, the control and monitoring system should be in place. This should preclude the situation where, regardless of the support intensive production will be continued and the best available techniques will not be implemented.					

Measure / submeasure	<i>Agri-environmental support – organic farming</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
positive	positive	positive	positive	positive	positive	neutral
Comments and observations:	For the reinforcement of positive impact, the environmental counselling system should be in place, as negative environmental impact may even occur with organic farming (for example: the use of manure and grazing of animals near the water bodies with no fences).					

Measure / submeasure	<i>Agri-environmental support – support for keeping animals of local endangered breeds & growing plants of local varieties</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	neutral	neutral	positive	positive	neutral	positive

Measure / submeasure	<i>Establishment of energy shrubs</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	random	probable positive	probable positive	random	neutral	neutral
Comments and observations:	Description of the measures is too vague for an assessment					

Measure / submeasure	<i>Establishment of protection forest</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	random	probable positive	probable positive	random	neutral	neutral
Comments and observations:	Description of the measures is too superficial for an assessment					
Proposals:	In the framework of the measure the establishment of protection forest should also be enabled in sanitary protection zones of water intakes and water bodies.					

Measure / submeasure	<i>Support for non-productive investments – demolition of agricultural production buildings left out of use</i>					
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impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	neutral	positive	neutral	neutral
Proposals:	Demolition must be accompanied by the elimination of residual pollution. Waste handling must be in compliance with waste management plans established by local authorities.					

Measure / submeasure	<i>Support for non-productive investments – establishment and restoration of stonewalls</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	positive	positive	neutral	positive

Measure / submeasure	<i>Support for non-productive investments – liming of agricultural land</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	probable positive	neutral	positive	neutral

Measure / submeasure	<i>Diversification of the rural economy</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
neutral	neutral	neutral	neutral	random	neutral	neutral

Measure / submeasure	<i>Village renewal and development</i>					
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
probable positive	neutral	neutral	neutral	positive	neutral	positive

Measure /	<i>Leader</i>					
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submeasure						
impact on human health	impact on water status	impact on the quality of air and climate change	impact on wildlife	impact on landscapes	impact on soil	impact on cultural heritage
indirect positive	indirect positive	indirect positive	indirect positive	indirect positive	neutral	indirect positive

Summary of the ERDP environmental impact assessment

The implementation of the ERDP measures will not bring about any significant negative environmental impact. Thus, separate proposals for the avoidance, reduction or alleviation of the ERDP negative environmental impact are not necessary.

The ERDP activities will provide prerequisites for the usage of cleaner agricultural practices and will in case of proper direction contribute to the maintenance of good status of the environment in rural area.

The actual implementation of the ERDP measures greatly depends on the readiness of agricultural producers..

The achievement of the ERDP environmental objectives and their extent is dependent upon co-operation between different institutions and agricultural producers in the implementation of the programme. To gain an environmental result, increase in the environmental competence of all the partners is very important.

The implementation of the measures will not cause any negative transboundary environmental impact.

Positive environmental impact is supported by bringing the facilities renovated under the ERDP into accordance with environmental requirements and good practice and by the introduction of the best available techniques.

The biggest environmental impact is caused by manure handling. Unsatisfactory collection, transport, storage and handling of manure has direct impact on water quality, human health, air quality, climate change, biological diversity and soil. Therefore, to avoid negative environmental impact, the introduction of the best available techniques particularly in cattle, pig and poultry farming should be one of the priorities in the ERDP implementation.

Several measures planned for the ERDP are intended to maintain biological and landscape diversity. Estonian state has to ensure that the land no longer used for production will stay in good agricultural and environmental condition. Inter alia, it certainly means the prevention of the overgrowth of former agricultural land with brushwood, mostly typical of borderland. Therefore, the support for the maintenance of semi-natural habitats should most certainly be extended beyond the Natura 2000 areas.

The assurance of balanced development of different regions will be complicated. Due to economic interest, the concentration of agricultural production to catchment areas of good soil fertility and with historically developed dense population and road infrastructure will continue. All co-operation opportunities for the maintenance of employment and the attraction of backward rural regions should be utilised.

In case of inefficient co-ordination of the efforts of different development plans, it is not precluded that the ERDP environmental measures fail to alleviate the negative environmental impact of the general development of agriculture and for the maintenance of good quality of life in rural area and of good status of the environment, compensatory expenditures (e.g. providing water supply for the residents of low density areas, reconditioning of water bodies and the restoration of fish resources) from other sectors will be indispensable.

Comparison of alternatives

The development scenarios and measures described in the development plan originate from the European Union and Estonian policy. The current development plan can be regarded as the main alternative (alternative 1).

Possible alternatives

Possible overall alternatives (developments) can be:

- 0-alternative. Abandonment of development plans. This would mean giving up the EU

assistance.

- Alternative 1. To continue as proposed in the ERDP.
- Alternative 2. To amend the ERDP by specifying general and specific measure-based environmental targets and indicators.

0-alternative

Without the implementation of the ERDP measures, the monopolization and concentration of agriculture with accompanying environmental impacts will quickly be brought to an end.

Efficient agricultural production will survive in the vicinity of cities and watershed areas with the best soil fertility. Other rural areas will be overgrown with shrubs and covered with woods. The size of agricultural land in use will diminish. Agricultural production will be concentrated into environmentally vulnerable areas (Pandivere-Adavere, hazardous areas close to small lakes and rivers). The decrease of rural population will continue.

Semi-natural landscapes will mainly be maintained in protected areas. For the maintenance of landscape diversity it is not possible to spend more money than today. Support for organic farming cannot be significant. Preservation of endangered breeds must be supported from public funds.

In the areas of intensive production, the production-related interests are clearly dominating and the status of the environment will worsen there. Those regions are no longer attractive as living areas and it will be difficult to find employment in those areas where the number of people using unsafe drinking water will increase.

Agricultural holdings will be taken over by foreign capital, who will finance the conformity with environmental requirements laid down by legislation.

Environmental status of air and water will not worsen considerably, the elution of nutrients to the Baltic Sea will remain the same, emissions from agriculture to air will not increase in general. The main loss will be the accelerated pace of the overgrowing of landscapes.

The non-application of the ERDP will above all result in significant negative impact on the socio-economic situation in rural area.

Alternative 1

It will maintain our current fast “project-based” progress.

If we are unable to analyze the situation and to foresee and neutralize future risks systematically, the existing unsolved and new problems can accumulate. Environmental problems of certain regions will not hold our attention.

There is a danger to overemphasize certain measures and forget some essential activities. Unbalanced implementation of measures need not be enough to ensure the preservation or attainment of good status of the environment.

The attainment of several national environmental objectives during the programming period will be unlikely.

Alternative 2

It is recommended to indicate all agriculture-related important environmental aspects and main non-conformities with the European Union and Estonian legislative acts and to select the most important problems which need to be solved in rural area.

The non-indication of the whole spectrum of rural environmental problems may create a situation where the resources directed to the measures necessary for the strategic success and to the neutralization of harmful developments will not be sufficient. Although not all problems can be solved through the ERDP, the context should be clear.

The measure-specific environmental objectives of the ERDP will be specified with respect to the schedules for meeting standards provided in legal acts. For example, it is known that at present approximately 80% of manure storage facilities are not in compliance with requirements and apparently it is not possible to renovate more than 50% of manure storage facilities in accordance with requirements by the end of 2008.

The main problem of the current ERDP is the absence of the quantitative description of the present and future status of the environment. In the description of the status of the environment, it is recommended to indicate the baseline situation of the areas of intervention. It is very important to negotiate the baseline levels which will be compared to the selected indicators.

In our rapidly changing situation the selection of reference years and the related descriptive characteristic indicators is quite a difficult task.

In some cases (e.g. the indicators for the status of aquatic environment), beside our present condition the situation during the period of intensive production (end of the Soviet Union) should also be indicated. The baseline should not be earlier than 1989 as environmental monitoring methods were different from the existing ones and the comparison of results would require a separate analysis. As an ideal, data on the final years of socialism (89–90), the low level of 1995 and the present (2005–2006) should be provided.

THE SEA REPORT PREPARATION DIFFICULTIES

Development plans are general documents, the accuracy of the prognosis of the potential environmental impact of their implementation largely depends on the clarity of the objectives defined, the indicators chosen, the environmental competence of the parties, administrative capability and motivation.

Although the ERDP provides a clear overview of the planned measures, the main problematic issue is the fact that a significant part of the required information (according to Regulation No. 302 of the Government of the Republic of 13 December 2005) has not been provided in the development plan but in the Estonian Rural Development Strategy, moreover, the ERDP lacks clear references to having taken this information into account. This aspect made the strategic environmental assessment of the ERDP more difficult.

The ERDP description of the present status of the environment and of problems on the level of quantified indicators in rural area is weak or insufficient, as a result of which accurate environmental impact assessment of the development plan and the proposed measures is not possible.

For example, it is pointed out in the ERDP that there are 627 000 hectares of agricultural land in less-favoured areas, of which support was applied for 325 000 ha in 2005. It is not clear, why wasn't support applied for the remaining 300 000 ha.

Regardless of the studies carried out by experts, under which at present approximately 80% of manure storage facilities are not in compliance with requirements and it has been forecasted that it will be good if 50% of larger manure storage facilities and 25% of smaller ones will be renovated by the end of 2008 [16], there is no information on the related status of the environment and environmental problems in the ERDP. What is the number of farms whose manure handling does not meet requirements (incl. pig, cattle, and poultry farms)?

For example, how many manure storage facilities release more than 0,5 t of methane into the air (the maximum permitted level was established by Regulation No. 101 of the minister of the environment of 2 August 2004, based on the Estonian Ambient Air Protection Act; air pollution permit is required to exceed this level)?

How many enterprises are in compliance with environmental requirements and how large is the need for investments for bringing the enterprises into compliance with requirements?

For example, it is stated in the Estonian Rural Development Strategy 2007–2013 that some valuable landscapes have been left out of the ARIB database as their maintenance has not been very active up to know. The question is: how large is this area?

For example, how much of the area under agricultural crops is situated on the land in danger of erosion, near water bodies or the sanitary protection zones or catchment areas of water intakes where protection forests or buffer strips are needed? What is the actual need? How many Natura 2000 areas are situated on agricultural land? How many protected forests are situated on private land?

MONITORING OF THE IMPLEMENTATION OF DEVELOPMENT PLANS

Competent authorities

The Managing Authority of the ERDP is the Ministry of Agriculture, who is responsible for the co-ordination and operation of monitoring system.

The main role in the co-ordination of the ERDP monitoring system has been given to the Rural Development Department of the Ministry of Agriculture which, among other duties, provides guidance to the relevant institutions in the matters of the monitoring and evaluation of the ERDP, performs the duties of the Secretariat of the ERDP Monitoring Committee, prepares the annual monitoring reports and the final report, and submits those reports to the European Commission after approval by the ERDP Monitoring Committee.

Agricultural Registers and Information Board (ARIB) implements all the EU common agricultural policy measures and the accompanying measures and performs the duties of the Paying Agency for the ERDP, having been accredited by the Ministry of Agriculture beforehand.

The Certification Body is a public or private entity appointed by a Member State and responsible for the certification of the management and verification systems established by the accredited Paying Agency, and also for the annual accounts of the Paying Agency.

The duties of the Certification Body are performed by an authority independent of the Paying Agency appointed by the Managing Authority.

The Rural Economy Research Centre, the Agricultural Research Centre, the Plant Production Inspectorate, the Veterinary and Food Board, regional land improvement bureaus, the Ministry of the Environment, the State Nature Conservation Centre, county environmental services, the Environmental Inspectorate, the National Heritage Board and the Private Forest Centre are participating in the implementation of the relevant measures within their limits of competence.

General environmental supervision

The conformity of the activities of the ERDP to the EU environmental policy will be monitored in the framework of Estonian environmental legislation, which has been harmonized with the EU environmental law.

According to the Integrated Pollution Prevention and Control Act, integrated environmental permit (known as IPPC permit) for larger animal holdings has to be prepared in the near future. Those permits will be given for the simultaneous release of pollutants into ambient air, a water body, the soil or groundwater and for waste handling. This permit will give a complete overview of the environmental requirements imposed on an enterprise. Such permit includes among others the environmental requirements regarding manure handling.

If significant environmental impact of a planned activity can be expected, environmental impact assessment will be carried out according to the Environmental Impact Assessment and Environmental Management System Act. Assessment will be conducted by a licensed expert, the assessment programme and the report are subject to public consultation and the report will serve as the basis for the authorization decision made by competent environmental protection authority. In the framework of the ERDP, the need for environmental impact assessment may primarily arise in case of the manure handling plans of large animal farms.

According to the Environmental Impact Assessment and Environmental Auditing Act, the organisations with high environmental risk shall allow the audit of their environmental management system at least once every three years. The farms with high environmental risk

have more than 85 000 broilers, 60 000 hens, 3000 fattening pigs (over 30 kg), 900 sows, 300 beef animals or 200 dairy cows.

Status of the environment is surveyed with the help of monitoring prescribed in environmental permits of state or enterprise. Environmental permits are being issued by local environmental authority.

State environmental supervision is carried out by the Environmental Inspectorate, whose area of activity includes the organization and execution of the supervision of the use and protection of the environment and natural resources and the application of state enforcement pursuant to the principles and to the extent provided by law.

On the order of the Ministry of the Environment, one part of the national environmental monitoring programme – monitoring of soils – is carried out by Agricultural Research Centre (ARC). The bureau of the monitoring of agri-environmental impacts within the structure of the ARC has conducted the assessment of the impact of agri-environmental support (ERDP 2004–2006) on soil, biological and landscape diversity, water, socio-economy.

Thus, the overall environmental monitoring system exists in Estonia and enables to ensure environmental monitoring. It is possible to support better integration of monitoring system into the implementation of the ERDP measures with the use of the EU technical assistance.

If the development projects of enterprise are being financed step by step, it should proceed from an integral environmental action plan, including the necessary elements of the environmental management system. Such plan should indicate how a concrete investment is related to the attainment of conformity to environmental requirements of the whole enterprise.

On the basis of such a plan, the adjustment of deadlines for the implementation of valid environmental requirements concerning concrete agricultural producers is not excluded.

According to the Water Act an agricultural producer has to keep a field record into which data on the area of land under cultivation, the characteristics of the soil, yields, the types and quantities of the fertilizers and plant protection products used, and the time of their use are entered. This kind of documentation enables to control the observance of the limitations on fertilizer use. In the framework of the environmentally friendly production measure, the establishment of plant nutrient balance and the transmission of electronic data to the organizations within the area of government of the MoE and MoA should be supported.

It is hard to separate the monitoring of the implementation of the ERDP environmental objectives from the overall environmental supervision system organized by state and local authorities. In principle, the current monitoring and observation system should ensure the environmental monitoring of the implementation of the development plan.

PROPOSALS SUBMITTED IN THE COURSE OF PUBLIC DISPLAY

During the public display of the SEA report two proposals from the Ministry of Social Affairs regarding the wording of the SEA report were received:

1. Page 12. Measure “Modernisation of agricultural holdings”. Modernisation of agricultural products was probably meant here.
2. The same page, second point of the measure “Long-term investments of agricultural producers”. It is more suitable to use the term “long-term investments for agricultural producers” here.

The authority responsible for the preparation of the strategic planning document (Ministry of Agriculture) is of the opinion that those proposals are technical by their nature and regarding their content, related to the main text of the ERDP itself, not the SEA report. When preparing the ERDP and the measure „Modernisation of agricultural producers” the aim was to support the modernisation of agricultural producers not products and the object of the measure is to support investments targeted to agricultural producers. As for the second proposal, the authors of the ERDP think that since it is obvious that both proposed terms deal with the investments targeted to agricultural producers, it is grammatically more appropriate to use the term “long-term investments of agricultural producers“.

The proposals, questions and objections made during the public consultation of the SEA report, an overview of responses and the consideration or rejection of proposals are presented in Annex 1 of the current report “Minutes of the public consultation regarding the strategic environmental assessment (SEA) report of the Estonian Rural Development Plan 2007–2013”.

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ANNEX 1. Minutes of the public consultation regarding the strategic environmental assessment (SEA) report of the Estonian Rural Development Plan 2007–2013

Date & time: 23 February 2007 at 12.00

Location: large hall of the Ministry of Agriculture (Lai 39/41, Tallinn)

Chaired by: Ove Pöder Ministry of Agriculture
Minutes kept by: Maarja Unt InterAct Projektid & Koolitus OÜ
Participants: Ranno Mellis Audacon Eesti OÜ
 Silvia Lotman Estonian Council of Environmental NGOs
 Tiit Merenäkk NGO “Häädemeeste Rohelised”
 Veronika Verš Ministry of the Environment
 Maris Malva Ministry of the Environment
 Katrin Rannik Ministry of Agriculture
 Anne-Liisi Kermas Ministry of Agriculture
 Rainer Raidmets Ministry of Agriculture
 Siret Tappo Ministry of Agriculture
 Reet Vaiksalu Ministry of Agriculture

TIME	SUBJECT	SPEAKER
12.00	Introduction The purpose and the agenda of the meeting	Ove Pöder
12.05	Presentation introducing the current status of the “Estonian Rural Development Plan 2007–2013” (ERDP)	Ove Pöder
12.15	Presentation introducing the SEA report of the ERDP	Ranno Mellis
12.30	<p>Questions and comments:</p> <p>1) Question. Tiit Merenäkk (NGO “Häädemeeste rohelised”): “How has the process of the ERDP taken into account the results of the elections on the 4th of March, it is most likely that as a result of the elections the Green Party will be in the Government ?”</p> <p>Answer. Ove Pöder (Ministry of Agriculture): “The officials of the Ministry of Agriculture proceed in their work from the current situation and cannot rest upon speculations concerning future.”</p> <p>2) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO): “The Government has already approved the ERDP but the public consultation of the SEA is taking place today – how will the different proposals regarding the modification of the ERDP be taken into account in the framework of the SEA process? It is possible that the modifications will be quite significant.”</p> <p>Answer. Ove Pöder (Ministry of Agriculture): “It is still possible to amend the</p>	

ERDP. The Government will be informed about significant modifications (incl. those resulting from the negotiations with the European Commission, since the European Commission is the final authority to approve the ERDP). In case of comprehensive modifications it is up to the Government to decide whether the modifications will only be apprised of or a new approval procedure will be needed.”

3) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO):

“How was the notification of the SEA report conducted? Please, describe the process of notification.”

Answer. Ove Põder (Ministry of Agriculture): “Pursuant to law, a relevant announcement was published in the newspaper (“*Postimees*”), in official publication “Ametlikud Teadaanded” and on the web page of the Ministry of Agriculture. All the related institutions were notified separately – incl. the relevant ministries and the Council of Estonian Environmental NGOs.”

4) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO):

“As a representative of the EKO I can say that my organisation has not been informed.”

Answer. Ove Põder (Ministry of Agriculture): “I can assure you that a corresponding official letter was sent to the EKO.”

5) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO):

“Is it possible to support semi-natural habitats beyond Natura areas?”

Answer. Katrin Rannik (Ministry of Agriculture): “In principle it is possible, however, budgetary restrictions may arise.”

6) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO):

“What are the most important suggestions made during the SEA?”

Answer. Ranno Mellis (Audacon Eesti OÜ): “The most important thing would be to obtain a better overview of the status of the environment – mapping of the baseline situation. Otherwise there will be a situation in 2013 where it is not possible to assess the environmental impact resulting from the implementation of the ERDP. In case neither more accurate environmental indicators will be elaborated nor the current situation mapped, it will not be possible to assess the impact in 2013 either. Regarding the process it would be important to start the SEA earlier and not when the document has already been completed. After that the environmental objectives etc. for the next periods will be jointly elaborated.”

7) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO):

“The environmentally friendly management measure has received a lot of criticism from the EKO. Are you familiar with it?”

Answer. Ranno Mellis (Audacon Eesti OÜ): “In principle I agree with those suggestions, but accurate assessment depends on various aspects. General recommendations have been given during the SEA, more precise assessment is not possible in the framework of the current SEA process.”

8) Question. Tiit Merenäkk (NGO “Häädemeeste rohelised”): “At the moment it seems that soil protection has been completely left out of the ERDP. How do you comment?”

Answer. Katrin Rannik (Ministry of Agriculture): “Soil protection is included in the measure “Support for environmentally friendly management”, one of its objectives is to protect the soil. In addition, support for grazing is also available. Regarding soil protection, the European Commission has initiated a corresponding framework directive.”

9) Question. Silvia Lotman (Estonian Council of Environmental NGOs – EKO): “When will the ERDP monitoring committee be put together and what will be its expected membership?”

Answer. Ove Põder (Ministry of Agriculture): “It is planned to assemble the monitoring committee at the end of March. The membership and tasks of the monitoring committee have been described in the ERDP. The committee will definitely include representatives of the organisations represented in the Council for Agriculture and Rural Development and in the Leading Committee for the Preparation of the Estonian Rural Development Plan 2007–2013 (incl. EKO) and representatives of the ministries implementing operational programmes of structural funds.”

Proposals:

Ove Põder (Ministry of Agriculture): “During the public display of the SEA report two proposals from the Ministry of Social Affairs were received. Both of them are of technical nature and as for their content they are more related to the main text of the ERDP itself, not the SEA report. First, there was a question in connection with the ERDP measure “Modernisation of agricultural producers” – was the term “modernisation of agricultural products” actually kept in mind. The answer is that “modernisation of agricultural producers” was kept in mind and the object of the measure is to support the investments targeted at agricultural producers. Secondly, regarding the sub-measure of the same measure – it was suggested to use the term “long-term investments for agricultural producers” instead of the term “long-term investments of agricultural producers”. It is the opinion of the authors of the ERDP that although it is obvious that both proposed terms deal with the investments targeted at agricultural producers, it is more appropriate to use the term “long-term investments of agricultural producers”.

Minutes kept by: Maarja Unt

ANNEX 2. The SEA programme



**Estonian Rural Development Plan 2007-2013
The strategic environmental assessment
programme**

Date of preparation: 31.08.2006
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Head of the expert group: Ranno Mellis

Tartu 2006

1. INTRODUCTION

The planning of the 2007–2013 European Union support in Estonia will be organized in the framework of the preparation of the State Budget Strategy. Following Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), member states shall prepare their rural development strategies. Strategy defines the priorities of member states' activities. The objective of the strategy is to ensure the conformity of rural development support with the Community Strategic Guidelines and with other priorities.

Strategy covers the period of 2007–2013 and serves as a framework for the preparation of the Rural Development Plan 2007–2013, which defines more precisely the financed activities and the amounts of financial resources.

The Ministry of Agriculture will organise the ex-ante evaluation of the ERDP and the strategic assessment of environmental impacts of the plan. Evaluators are selected by a public procurement. Ex-ante evaluation and the strategic assessment of environmental impacts are conducted by InterAct Projektid & Koolitus OÜ, in co-operation with Audacon Estonia and the Estonian University of Life Sciences. The chapters prepared in the course of the assessment will be annexed to the ERDP in November 2006.

2. THE OBJECT AND THE SCOPE OF THE SEA

The object of the strategic environmental assessment is the Estonian Rural Development Plan 2007–2013.

The Rural Development Plan is based on the following strategic and operational documents:

- Estonian Rural Development Strategy 2007–2013 (NSP);
- Rural Development Plan 2000–2006 for the implementation of the SAPARD-programme;
- Estonian Rural Development Plan 2004–2006 for the implementation of measures related to the EU Common Agricultural Policy (RDP 2004–2006);
- Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004–2006 (NDP), Programme Complement.

The following legal acts were taken into account during the preparation of the Rural Development Plan:

- Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (rural development regulation);
- Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy;
- Commission Regulation (EC) No 1320/2006 of 5 September 2006 laying down rules for the transition to the rural development support provided for in Council Regulation (EC) No 1698/2005 (transition regulation);
- Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (implementing regulation);
- Commission Regulation (EC) No 1975/2006 of 7 December 2006 laying down detailed rules for the implementation of Council Regulation (EC) No 1698/2005, as

regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures (control regulation).

3. NEED FOR THE STRATEGIC ENVIRONMENTAL ASSESSMENT

Following EU directive 2001/42/EC and Environmental Impact Assessment and Environmental Management System Act (hereinafter: EIA&EMSA), the strategic environmental assessment (hereinafter SEA) regarding the development plans should be carried out. It will be initiated by the minister of agriculture with a decree.

4. OBJECTIVE OF THE SEA

The objective of the SEA is to contribute to the elaboration of balanced development plan which is in line with the European Union and Estonian environmental policy.

The objective of the strategic environmental assessment is:

- integration of environmental aspects into development plans;
- bringing the development plan into accordance with the EU environmental policy;
- surveying the environmental impacts of the development plan and proceeding from that the presentation of an assessment to the strategic part of the development plan and suggestions for the reduction of environmental impacts;
- assessment of the main priorities of the development plan from the position of environmental protection.

5. CARRYING OUT THE SEA

The strategic environmental assessment will be conducted according to the agreement between the Ministry of Agriculture and InterAct Projektid & Koolitus OÜ and on the basis of the SEA programme prepared according to this agreement.

The SEA will be conducted simultaneously with the preparation of the Estonian Rural Development Plan 2007–2013, analyzing the environmental impact of its implementation and the alternative possibilities for achieving its goals.

Parties of the strategic environmental assessment:

Author of the planning document (Developer): Ministry of Agriculture.

The SEA contact person at the Ministry of Agriculture: Ove Pöder.

Supervisor: Ministry of the Environment.

Interested persons and organisations: the implementation of the ERDP will affect the whole society. The list of engaged government agencies and their responsibilities and involved economic and social partners and organisations is presented in the development plan or in its annexes.

Evaluator (Expert): InterAct Projektid & Koolitus OÜ (contact person: Maarja Unt).

Responsible expert: Audacon Eesti OÜ (contact person: Marge Pettai).

Head of the expert group: Ranno Mellis (Audacon Eesti OÜ).

Head of the expert group will involve additional experts into the SEA.

6. POTENTIAL ENVIRONMENTAL IMPACT OF THE IMPLEMENTATION OF THE ERDP

For the identification of potential environmental impacts, the implementation of the current Estonian Rural Development Plan 2004–2006 and the practice of other relevant national activities will have to be analyzed, in order to identify the possibilities of the occurrence and cases of negative environmental impacts. The procedure for the financing of various development activities from the EU funds should theoretically eliminate the possibility of financing projects with negative environmental impact. But in practice, in many cases the sufficient administrative capability regarding different levels of environmental management and the selection of projects from the aspect of environmental protection as a counterpart to socio-economic pressure is missing. Strategic environmental assessment will contribute to the balancing of the development plan proceeding from environmental aspects and thereby to the orientation of rural life towards sustainable development.

From the Developer's side, the expected environmental impact of the implementation of the development plan is described in the Estonian Rural Development Strategy 2007–2013 and in the Estonian Rural Development Plan (draft version).

The content and the indicators regarding the environmental sustainability are presented in chapters 1.3 "Agricultural environment and landscapes" and 3.2 "Maintenance of agri-environment and countryside" of the draft version of the strategy, in the annex and also in another chapters of the strategy.

Specific objectives and target levels are presented in Estonian Rural Development Plan. It requires analysis, whether there are enough resources for the achievement of all environmental objectives during the next programming period.

In the course of the SEA, recommendations for better integration of environmental management into the implementation process of the development plan will be presented. The relevance of environmental indicators will be analyzed and recommendations for the establishment of new indicators (if necessary) and for the adjustment of existing indicators will be given.

Significant negative transboundary impact is not foreseen, therefore the expected transboundary impact of the development plan could be positive or neutral. Therefore, it is not necessary to involve the representatives of neighbouring countries into the impact assessment. In the course of the SEA, probable significant environmental impact of planned activities and indirect and cumulative impact will be taken into account. The activities with contradicting objectives and impact will also be established.

7. METHOD OF ENVIRONMENTAL IMPACT ASSESSMENT

During the course of the SEA, all the relevant Estonian legal acts and good practice will be followed. The basic legal act is EIA&EMSA. In addition to the Estonian environmental legislation, the Estonian Environmental Strategy until the year 2010 and the draft versions of the Estonian Environmental Strategy until the year 2030 and the Estonian Environmental Action Plan 2007–2013 will be followed, if possible.

It will be taken into consideration that the methodology of the planned strategic environmental impact assessment has to comply with the requirements of the SEA (Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment) and to the requirements of the ex-ante evaluation concerning structural funds. The methodology will also follow Regulation No. 302 of the Government of the Republic of 13 December 2005 "Types of strategic development

plans, the procedure for their preparation, amendment, implementation, evaluation and reporting” and guidelines from the Ministry of Finance “Strategic Planning Handbook” (2006).

The experience regarding the evaluation of the ERDP 2004–2006 and the NDP will be taken into account. Compared to the previous programming period, the number of structural funds has decreased, Cohesion Fund has been added into the common framework. Rural development investments have been consolidated into a single programme – the ERDP. The planning of the State Budget Strategy (SBS) and the related structural funds has become more clear. For the period 2004–2006 a separate National Development Plan (NDP) for the implementation of the structural funds was prepared. For the EU budgetary period 2007–2013 a strategy regarding the use of structural funds will be prepared in the framework of the elaboration and as a part of the SBS 2007–2010. This will make programming work more comprehensive, compared to the previous period, and provides a better possibility to assess environmental impact.

The SEA will be constructed on the basis of the principles of environmental impact assessment, in the framework of which all stages of the decision-making process will be dealt with in order to integrate potential environmental considerations into all parts of the development plan.

Potential environmental impact of the implementation of the development plan and the possibilities for the mitigation of negative impacts will be assessed. In addition to the planned activity, alternatives will be presented, if necessary. Different alternatives will be compared according to the principles of environmental risk assessment (risk = probability of the occurrence of impact * severity of impact). After the consideration of different alternatives based on risk evaluation, the best possible alternative will be selected.

Proposals with the aim to increase the positive environmental impact of the ERDP and to avoid potential negative environmental impacts will be presented. If this cannot be done for socio-economic reasons, mitigatory and compensational mechanisms with the aim to bring the environmental impact of a measure to at least neutral level will be proposed.

In the current programming period, the Estonian Environmental Strategy until the year 2010 has been amended, at present, the Estonian Environmental Strategy until the year 2030 and the Estonian Environmental Action Plan 2007–2013 are in the stage of a draft. The SEA working group will exchange information with the ex-ante working group. At the same time, both working groups will work independently and will present separate assessment reports.

The main challenge in designing the period 2007–2013 is the decoupling of economic development from the deterioration of the status of the environment. As a general rule, the EU funds do not finance projects with negative environmental impact. However, the negative impact of single projects combined with the effect of other developments cannot be excluded, particularly in the background of uneven administrative capability.

8. ASSESSMENT AND COMPARISON OF ALTERNATIVES

During the strategic environmental impact assessment, the potential environmental impact of the implementation of the development plan will be described and possibilities for the mitigation of the negative impacts of planned activities (alternatives) and for the minimization of risks will be presented.

In the course of the SEA, the strategic objectives of the development plan and the analysis of the area and conformity with the priorities will be assessed. If necessary, motions to amend the development plan will be presented. In the course of the assessment, meetings between the evaluators and the Ministry will be arranged (incl. for the discussion about alternatives).

Recommendations for the better integration of environmental aspects into the development plan and bringing the development plan into accordance with the EU and Estonian environmental policy will be presented. Possible environmental impacts of the development plan will be surveyed and its priorities will be assessed from environmental aspect. Suggestions for the reduction of the potential environmental impacts will be given. Comparison of the alternatives and the arguments regarding the choice of the best possible alternative will be documented in the strategic environmental impact assessment report.

9. REPORTING AND CONSIDERING THE RESULTS OF THE SEA

According to the EIA&EMSA, the preliminary results of the strategic environmental assessment will be documented in the final report of the SEA.

Minutes of the public consultation, questions, objections and recommendations raised during the public consultation will be annexed to the final report. In case of received written questions, recommendations and objections, related responses, objections and recommendations and in case they are not taken into consideration the reasons for their rejection will also be presented.

According to § 40 (4) of EIA&EMSA, the SEA will include at least the following information:

- 1) an outline of the content and the main objectives of the ERDP;
- 2) the relationship of the ERDP with other relevant strategic planning documents;
- 3) a description of the potentially affected environment during the preparation of the ERDP and in case of alternative development scenarios, including the comparison of alternatives and the probable development if the strategic planning document is not implemented;
- 4) environmental problems resulting from the implementation of the ERDP, particularly those relating to protected areas, individual protected natural objects and protected species;
- 5) environmental protection objectives, established at international, Community or Member State level, which are relevant to the ERDP, and a description of the way those objectives and any environmental considerations have been taken into account during the preparation of the ERDP;
- 6) an assessment of the potential significant direct, indirect, cumulative, synergy, short- and long-term, positive and negative environmental impacts, including impacts on human health and social needs and property, biological diversity, populations, flora, fauna, soil, water and air quality, climate change, cultural heritage and the landscapes, an assessment of the possibilities of waste generation and a description of the methods for impact prognosis;
- 7) interconnection between different impacts;
- 8) the measures proposed for the prevention and mitigation of significant environmental impact resulting from implementation of the ERDP;
- 9) an outline of the reasons for selecting the alternative development scenarios dealt with;
- 10) an overview of how the best alternative development scenario was achieved;
- 11) an overview of carrying out the strategic environmental assessment, the results of public involvement and consultations;
- 12) an overview of the difficulties which became evident upon the preparation of the strategic environmental assessment report;
- 13) a description of the measures proposed for the monitoring of significant environmental impact resulting from the implementation of the ERDP and of the measurable indicators;
- 14) a summary of information specified in points 1–13 of this subsection;

- 15) the strategic environmental assessment programme and the minutes of the public consultation regarding the programme;
- 16) the minutes of the public consultation regarding the strategic environmental assessment report;
- 17) the proposals, objections and questions of authorities and persons, and an overview of justifications for the consideration or rejection of proposals, objections and questions.

The ERDP will be amended according to the SEA results, if necessary.

If the ERDP will be amended resulting from the negotiations with the European Commission, the environmental impact of those amendments shall be assessed additionally. In the course of the additional assessment meetings between the experts responsible for the preparation of the development plan and the evaluators for the interim summary report will be arranged.

The results of the additional assessment along with the results of the preceding evaluation will be presented in the final report. The final report will be presented for public discussion in accordance with § 41 of EIA&EMSA.

10. TIMETABLE OF THE ENVIRONMENTAL IMPACT ASSESSMENT

The SEA will be conducted in four steps according to the following timetable:

Elaboration of the SEA programme and the collection of related opinions: June – August 2006

Supplementation of the SEA programme after its public display and consultation: October 2006

- public display regarding the SEA programme (at least 14 days): September 2006
- public consultation regarding the SEA programme: 29 September 2006
- supplementation of the SEA programme resulting from the recommendations raised during public display: September – October 2006

Carrying out the SEA and drafting of the SEA final report: October – February 2007

- public display regarding the SEA report (at least 21 days): January 2007
- public consultation regarding the SEA report: February 2007

Supplementation of the SEA final report after its public display and consultations: February 2007

- supplementation of the final report resulting from the recommendations raised during the public display: February 2007
- submission of the final report: February 2007

The details of the timetable, such as the dates for the review of working documents, the timetable for the consultations with working groups and with partners' organisations if necessary, dates of the meetings for public consultations etc. during the public display of the programme will be specified with the Ministry of Agriculture, according to the timetable of the preparation of the development plan.

11. PUBLIC DISPLAY AND THE INVOLVEMENT OF PARTNERS

The Ministry of Agriculture will organize the overall exchange of information regarding the preparation of the development plan, incl. the administration of a respective website in its server, the arrangement of media activities and communication with the press and dealing with specific exchange of the ERDP-related information and communication with the press.

Evaluators will submit the SEA programme and the final report to the Ministry of Agriculture (Developer), who will organize their public display and submission to other relevant ministries.

The Ministry of Agriculture will disclose the draft versions of the development plan, the SEA programme and the SEA final report on the web page of the ministry.

The minutes of public consultations will be kept by the Expert. Comments and suggestions regarding the development plan will be replied by the Developer and regarding the SEA by the Expert. The Expert will offer its help to the Developer for the arrangement of the public display and will present its views regarding comments and suggestions.

Interested parties have the right to receive the SEA-related information and to participate in the decision-making processes. The public will be involved in the process of the SEA through the public consultation of the SEA programme and report. Interested persons will have the possibility to examine the SEA materials during the public display of the SEA programme and report and daily on the website of the Ministry of Agriculture.

12. SUMMARY OF THE PROGRAMME ELABORATION

The draft programme will be modified according to the comments by the representatives of the Ministry of Agriculture.

The background information presented in the SEA programme originates from the draft versions of the Estonian Rural Development Strategy 2007–2013 and the Estonian Rural Development Plan. The draft programme describes the parties of the SEA process, the assessment methods and purpose, the object and scope of the environmental impact assessment, probable accompanying impacts, the SEA timetable, and the composition of reports. The SEA programme serves as a basis for the strategic environmental impact assessment. This will be amended according to the recommendations submitted by the public, parties and partners' organisations during the public consultation, if necessary.

The programme will be amended by the evaluators after its public display and the public consultation in co-operation with the authors of the development plan. The opinions submitted by the Ministry of Social Affairs and the Ministry of the Environment about the programme will be annexed to the programme according to § 36 (3) of EIA&EMSA.

ANNEX 3. Minutes of the public consultation regarding the programme

Minutes of the public consultation regarding the environmental impact assessment (SEA) programme of the Estonian Rural Development Plan 2007–2013

Date & time: 29 September 2006 at 13.00–13.45

Location: large hall of the Ministry of Agriculture

TIME	SUBJECT	SPEAKER
13:00	Introduction The purpose and the agenda of the meeting	Ove Pöder
13.05	Presentation introducing the Estonian Rural Development Plan (ERDP) 2007–2013	Ove Pöder
13.10	Presentation introducing the procedure of the ex-ante evaluation of the ERDP 2007–2013	Maarja Unt
13.15	Presentation introducing the SEA programme of the ERDP 2007–2013	Maarja Unt
13.30	<p>Questions and comments:</p> <p>1) Tiiu Valdma (Maves AS) Question: How do you plan to follow the timetable which has been presented in the programme with daily accuracy? Considering the time that was spent by the Ministry of the Environment to the adoption of the programme it seems unrealistic even as early as now? Proposal: The timetable of the SEA process could be specified with monthly accuracy.</p> <p>Answer (Maarja Unt): It is meant to be as an indicative timetable. We shall take this proposal into account.</p> <p>2) Siret Sõmer (AS Tallegg) Question: Will the questions sent previously by e-mail be answered in written form?</p> <p>Answer (Maarja Unt): All questions will receive written answers, the responses to them will be uploaded to the Internet along with the minutes of the meeting.</p> <p>3) Maret Merisaar (Estonian Council of Environmental NGOs) Question: Do you plan to involve water cooperatives in the process of the strategic</p>	

	<p>environmental impact assessment of the ERDP? Water cooperatives could be involved as one of the most relevant interest groups, mainly during the discussion of problems concerning the irrigation of fields, water use etc.</p>
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	<p>Answer (Maarja Unt): It is not planned to involve water cooperatives separately. All interest groups will have the possibility to participate in the preparation of the SEA through the process of public consultation.</p>
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Minutes kept by: Marge Pettai

Estonian Rural Development Plan 2007–2013

ANNEX 3

1. Good Farming Practice

Verifiable standards of Good Farming Practice

WATER and SOIL PROTECTION
<ol style="list-style-type: none">1. Up to 170 kg of N per year on an average may be applied with manure on a hectare of cultivated area.2. Up to 30 kg of P per year on an average may be applied with mineral fertilizers on a hectare of cultivated area.3. It is prohibited to use organic and mineral fertilizers from 1 November to 31 March, unless stated otherwise in the Water Act.4. If more farm animals than 10 LU are kept in a livestock building, the farm should have a manure or liquid manure storage facility, of which the storage capacity must be the stocks of at least eight months. If the manure storage facility belongs to a farm building in use before 1 January 2002 and located in a nitrate-vulnerable zone, the requirement should be met by 31 December 2008. Beyond the nitrate-vulnerable area, the requirement should be met by 1 January 2010. In cowsheds where animals are kept on deep litter, there is no need for a manure and liquid manure storage facility.5. Surface spreading of fertilizer is prohibited on land of more than 10% slope which is under cultivation and located in nitrate-vulnerable area.6. Any manure heap must be located at least 100 m away from any water body.
PLANT PROTECTION
<ol style="list-style-type: none">7. The plant protection equipment used must be inspected every three years; inspection shall check the compliance of the equipment's technical condition with requirements.8. In the event foreseen in the decision concerning the admission of a plant protection product to the market, the user of the plant protection product should be adequately trained and have a plant protection certificate.
BIOLOGICAL AND LANDSCAPE DIVERSITY
<ol style="list-style-type: none">9. It is prohibited to use fertilizers and plant protection products on natural grasslands.
ANIMAL WELFARE
<ol style="list-style-type: none">10. A keeper of animals must ensure the availability of feed and drinking water to the animals kept in his business entity.
OTHER VERIFIABLE STANDARDS
<ol style="list-style-type: none">11. Each keeper of animals is required to keep records of medicinal products and medicinal feeds administered to farm animals.12. Each keeper of animals is required to maintain records concerning their farm animals, including the register of dead animals.

2. Good agricultural and environmental conditions (GAEC) (as of 2008)

- Agricultural producer must keep a field book. The applicant to whom the requirement to keep a field book is not applied, must enter all the activities effected in the field in the activity report.
- Applicant must follow the wild oats control measures.
- Usable agricultural area must be used for growing the agricultural crops sown or planted no later than on 15 June, using the agrotechnical methods meeting local standards and avoiding the spread of weeds, or this land must be kept as black fallow.
- Grassland established before the year of submitting the application must be mowed or grazed at least once before 31 July. The mowed grass must be removed or chopped no later than on 31 July. On grassland used for the grazing of livestock, stocking density must ensure the result similar to mowing. In case of insufficient result, grassland must be mowed once again. Sufficient stocking density should be approximately 0,5 LU per hectare. The required activities must be conducted in a way that allows them to be visually identified in the whole area indicated in the application. The requirements are not applied in hayseed growing and in growing grass plants as energy crops as well as in organic farming in case of up to biennial grassland ploughed in for green manures. In area-related natural objects placed under protection with the Nature Conservation Act, those requirements must be met by 20 August at the latest.
- In case of land temporarily out of agricultural use, an agricultural crop must be sown or planted no later than on 1 July of the year of submitting the application, or the land must be left as black fallow, or mechanical weed control must be exercised there no later than on 31 July. The required activities must be conducted in a way that allows them to be visually identified.
- Agricultural land for which the support is not applied must be maintained by using such agrotechnical practices which shall eliminate the possibility for large-scale spreading of unwanted vegetation and which will enable to take this land into agricultural use in the next vegetation period without additional costs.
- It is prohibited to burn straw, hay and dead grass on agricultural land. It is allowed to burn compiled hay and straw during the time of low fire hazard according to the implementing rules established on the grounds of Section 21(4) of the Rescue Act.
- In case of field work, cultivation stability of soil must be considered. It is allowed to cultivate fields at a time when the machinery used will not leave deeper traces, compared to cultivation depth.

3. Statutory management requirements (SMR)

List of statutory management requirements according to Annex III of Council Regulation (EC) No 1782/2003 as stated in the Estonian legal acts.

No		Article	Estonian legal acts
1	Council Directive 79/409/EEC on the conservation of wild birds	3	Nature Protection Act, sections 4, 12, 14, 26 – 33, 50, 51.
		4(1)	
		4(2)	
		4(4)	
		5	Nature Protection Act, section 55 paragraphs 1, 6; Animal Protection Act, section 4.
		7	Hunting Act, section 27; Regulation No. 59 of the Minister of Environment from the date of 9.10.2002, "The List of Game Animals"; Regulation No. 40 of the Minister of Environment from the date of 6.06.2006, amendment of the Regulation No. 59 of the Minister of Environment from the date of 9.10.2002, "The List of Game Animals"; Regulation No. 20 of the Minister of Environment from the date of 7.03.2003, "Hunting rules", section 1; Regulation No. 56 of the Minister of Environment from the date of 31.07.2006; amendment of the Regulation No. 20 of the Minister of Environment from the date of 7.03.2003, "Hunting rules".
		8	Hunting Act, section 39, section 40 paragraphs 1, 2, 3.
2	Council Directive 80/68/EEC on the protection of groundwater against pollution caused by certain dangerous substances	4	Water Act, section 26-5 paragraph 2; Regulation No. 44 of the Minister of Environment from the date of 21.08.2001, "Lists 1 and 2 of substances dangerous for water environment"; Regulation No. 76 of the Minister of Environment from the date of 16.10.2003, "Maximum allowed waste limits of dangerous substances per unit of production".
		5	Water Act; Regulation No. 44 of the Minister of Environment from the date of 21.08.2001, "Lists 1 and 2 of substances dangerous for water environment".
3	Council Directive 86/278/EEC on the protection of the environment, in particular of the soil, when sewage sludge is used in agriculture	3(1)	Regulation No. 78 of the Minister of Environment from the date of 30.12.2002, "Requirements for use of waste water sludge in agriculture, greenery and re-cultivation", sections 6, 10, 12; Regulation No. 46 of the Minister of Environment from the date of 10.05.2004; amendment of the Regulation No. 78 of the Minister of Environment from the date of 30.12.2002, "Requirements for use of waste water sludge in agriculture, greenery and re-cultivation" paragraphs 2 and 3.
		3(2)	Regulation No. 75 of the Minister of Environment from the date of 16.10.2003, "Approval of requirements about dangerous substances being directed into common drainage system".
4	Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates	4(1)(a)	Water Act.
		4(1)(b)	Order No. 318-k of the Government of the Republic of Estonia from the date of 30.04.2004, "Approval of the action plan for nitrate-sensitive areas of Pandivere and Adavere-Põltsamaa, for years 2004–2008".

5	from agricultural sources	5(1)	Order No. 318-k of the Government of the Republic of Estonia from the date of 30.04.2004, "Approval of the action plan for nitrate-sensitive areas of Pandivere and Adavere-Põltsamaa, for years 2004–2008"; Water Act
		5(2)	Order No. 318-k of the Government of the Republic of Estonia from the date of 30.04.2004, "Approval of the action plan for nitrate-sensitive areas of Pandivere and Adavere-Põltsamaa, for years 2004–2008".
		5(3)	Water Act, section 26 ³ ; Order No. 288 of the Government of the Republic of Estonia from the date of 28.08.2001, "Water protection requirements for fertiliser and manure storage facilities and silo storage areas, and requirements for use and storage of mineral fertilisers, manure and silo liquid", sections 5, 6, 7, 10, 12; amendment of the Order No. 288 of the Government of the Republic of Estonia from the date of 28.08.2001, "Water protection requirements for fertiliser and manure storage facilities and silo storage areas, and requirements for use and storage of mineral fertilisers, manure and silo liquid"; Order No. 17 of the Government of the Republic of Estonia from the date of 21.01.2003, "Protection rules for nitrate-sensitive areas of Pandivere and Adavere-Põltsamaa"; Order No. 318-k of the Government of the Republic of Estonia from the date of 30.04.2004, "Approval of the action plan for nitrate-sensitive areas of Pandivere and Adavere-Põltsamaa, for years 2004–2008".
	Council Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna	6 (1)	Nature Protection Act, sections 4, 12, 14, section 18 paragraphs 1, 2, section 25 paragraph 1, sections 26-33, section 49 paragraphs 1, 2, sections 50-51.
		6(2)	Nature Protection Act, sections 4, 12, 14, section 18 paragraphs 1, 2, section 25 paragraph 1, sections 26-33, section 49 paragraphs 1, 2, sections 50-51.
		6(3)	Environmental Impact Assessment and Environment Management System Act, section 3, section 29 paragraphs 1, 2, section 33 paragraph 1, section 45 paragraphs 1, 2.
		6(4)	Environmental Impact Assessment and Environment Management System Act, section 29 paragraphs 3, 4, section 45 paragraphs 3, 4.
		13	Nature Protection Act, section 55 paragraphs 7, 8, section 56 paragraph 2.
		15	Hunting Act, section 39, section 40 paragraphs 1, 2, 3.
		22(b)	Nature Protection Act, section 57.
6	Council Directive 92/102/EEC on the identification and registration of animals	3(1)(a)	Infectious Animal Disease Control Act; Regulation No. 21/2004/EEC of the European Council from the date of December 17, 2003, stating the identification and registration system of lambs and goats, and amending the Regulation No. 1782/2003/EEC of the European Council and the directives 92/102/EEC and 64/432/EEC of the European Council; Regulation No. 88 of the Minister of Environment from the date of 18.12.2002, "List of dedicated animal raising areas and animal raising buildings and facilities required to be registered and in some cases approved, and the procedure for such registering and approving", section 1; Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", Annexes 3 and 8.
		3(1)(b)	Veterinary Activities Organisation Act, sections 4, 5, 7.
		4(1)(a)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 13

	paragraph 4.
4(1)(b)	Articles 4-8 of the Regulation No. 21/2004/EEC of the European Council from the date of December 17, 2003, stating the identification and registration system of lambs and goats, and amending the Regulation No. 1782/2003/EEC of the European Council and the directives 92/102/EEC and 64/432/EEC of the European Council; Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals".
4(3)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 13 paragraphs 2, 3.
4(3)(a)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 13 paragraph 5.
4(3)(b)	Infectious Animal Disease Control Act, section 15; Regulation No. 53 of the Minister of Environment from the date of 22.04.2004, "Requirements for enterprises mediating agricultural animals", section 1 paragraphs 3, 4, 5.
4(3)(c)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 13 paragraph 5.
5(1)(a)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 4.
5(1)(b)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 6.
5(1)(c)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 7.
5(1)(d)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 1.

		5(2)(a)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 4.
		5(2)(b)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 3.
		5(2)(c)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals".
		5(3)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 3 paragraph 4 ¹ .
		5(4)	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 1 paragraph 1 ¹ .
7	Commission Regulation (EC) No 2629/97 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97 as regards eartags, holding registers and passports in the framework of the system for the identification and registration of bovine animals	6	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", sections 7, 8.
		8	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 8.
8	Regulation (EC) No 1760/2000 of the European Parliament and of the Council establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation	4	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", sections 3, 9.
		7	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals", section 13.

	(EC) No 820/97		
8a	Council Regulation (EC) No 21/2004 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC	3	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals".
		4	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals".
		5	Regulation No. 77 of the Minister of Environment from the date of 05.08.2003, "List of species of agricultural animals required to be registered, and the procedure for such registering and approving; procedure for issuing of registry certificate and cattle passport, and procedure for accounting of agricultural animals".
9	Council Directive 91/414/EEC concerning the placing of plant protection products on the market	3(1)	Plant Protection Act, section 62 paragraphs 2, 4, 5; Regulation No. 59 of the Minister of Environment from the date of 1.06.2005, "Requirements for contents and form of applications for entering an active ingredient into Annex 1 of the directive 91/414/EEC of the European Council and for allowing a plant protection product onto market".
		3(2)	Plant Protection Act, section 62 paragraph 3.
		3(3)	Plant Protection Act, section 78 paragraph 1; Regulation No. 50 of the Minister of Environment from the date of 20.04.2006, "Requirements for use of plant protection products".
		3(4)	Plant Protection Act, section 61 paragraphs 1, 2; Regulation No. 59 of the Minister of Environment from the date of 1.06.2005, "Requirements for contents and form of applications for entering an active ingredient into Annex 1 of the directive 91/414/EEC of the European Council and for allowing a plant protection product onto market".
10	Council Directive 96/22/EC concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrotraic action and of beta-agonists	3(a)	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 1.
		3(b)	Regulation No. 21 of the Minister of Environment from the date of 23.02.2005, "Conditions and procedure for using medicinal products and medicinal feeds for treatment and proactive avoidance of animal diseases", section 2.
		3(c)	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 1, section 2 clause 2.
		3(d)	Regulation No. 21 of the Minister of Environment from the date of 23.02.2005, "Conditions and procedure for using medicinal products and medicinal feeds for treatment and proactive avoidance of animal diseases", section 2.
		3(e)	Regulation No. 21 of the Minister of Environment from the date of 23.02.2005, "Conditions and procedure for using medicinal products and medicinal feeds for treatment and proactive avoidance of animal diseases", section 2.

		4(1)	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 2, clauses 3, 4.
		4(2)(i)	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 2, clause 5.
		4(2)(ii)	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 2, clause 6.
		5	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 2, clauses 3, 4; Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 1, section 2 clause 2.
		7	Regulation No. 19 of the Minister of Environment from the date of 21.02.2005, "List of bio-stimulants, hormone preparations and other substances forbidden to use on animals, and special cases of using these substances for medical treatment of animals", section 2; Regulation No. 2377/90/EEC of the European Council from the date of June 26, 1990, about the European Union procedure for stating the limits of veterinary medicinal substances in foodstuffs of animal origin", Annexes I, II, III.
11	Regulation (EC) No 178/2002 of the European Parliament and of the Council laying down the general principles and requirements of food law	14	Directly applicable; Food Act, section 12.
		14(1)	Directly applicable; Food Act, section 12.
		14(2)	Directly applicable; Food Act, section 12.
		14(3)	Directly applicable; Food Act, section 12.
		14(4)	Directly applicable; Food Act, section 12.
		14(5)	Directly applicable; Food Act, section 12.
		14(6)	Directly applicable; Food Act, section 12.
		14(7)	Directly applicable; Food Act, section 12.
		14(8)	Directly applicable; Food Act, section 12.
		14(9)	Directly applicable; Food Act, section 12.
		15	Animal Feed Act.
		17(1)	Directly applicable; Food Act, section 22.
		18	Directly applicable; Food Act, section 23.
		19	Directly applicable.
20	Animal Feed Act.		
12	Regulation (EC) No 999/2001 of the European Parliament and of the Council laying down rules for the prevention, control and eradication of transmissible spongiform	7(1)	Directly applicable.
		7(2)	Regulation No. 999/2001/EEC of the European Council, Annex IV, amended by the Regulation No. 1292/2005/EEC of the European Council, directly applicable.
		7(3)	Regulation No. 999/2001/EEC of the European Council, Annex IV, amended by the Regulation No. 1292/2005/EEC of the European Council, directly applicable.
		7(5)	Directly applicable.
		11	Directly applicable; Infectious Animal Disease Control Act, section

	encephalopathies		35 paragraph 2, section 9 clause 1.
		12	Directly applicable.
		13	Directly applicable.
		15	Directly applicable.
13	Council Directive 2003/85/EC on Community measures for the control of foot-and-mouth disease repealing Directive 85/511/EEC and Decisions 89/531/EEC and 91/665/EEC and amending Directive 92/46/EEC	3	Regulation No. 24 of the Minister of Environment from the date of 3.04.2001, "Control rules of foot-and-mouth disease", section 6 paragraph 1; Infectious Animal Disease Control Act, section 35 paragraph 2, section 9 clause 1; Regulation No. 34 of the Minister of Environment from the date of 25.11.1999, "Approval of the list of infectious animal diseases required to be notified about and registered".
14	Council Directive 92/119/EEC introducing general Community measures for the Control of certain animal diseases and specific measures relating to swine vesicular disease	3	Regulation No. 34 of the Minister of Environment from the date of 25.11.1999, "Approval of the list of infectious animal diseases required to be notified about and registered"; Infectious Animal Disease Control Act, section 35 paragraph 2, section 9 clause 1.
15	Council Directive 2000/75/EC laying down specific provisions for the control and eradication of bluetongue	3	Regulation No. 34 of the Minister of Environment from the date of 25.11.1999, "Approval of the list of infectious animal diseases required to be notified about and registered"; Infectious Animal Disease Control Act, section 35 paragraph 2, section 9 clause 1.
16	Council Directive 91/629/EEC laying down minimum standards for the protection of calves	3(1)	Regulation No. 78 of the Minister of Environment from the date of 23.10.2002, "Requirements for keeping calves, requirements for buildings and facilities of keeping calves", section 7, section 8 paragraphs 1, 3.
		3(2)	Regulation No. 78 of the Minister of Environment from the date of 23.10.2002, "Requirements for keeping calves, requirements for buildings and facilities of keeping calves", section 8 paragraph 1.
		3(3)	Regulation No. 78 of the Minister of Environment from the date of 23.10.2002, "Requirements for keeping calves, requirements for buildings and facilities of keeping calves", section 8 paragraph 2, section 8 paragraph 4 clause 2.
		3(4)	Regulation No. 78 of the Minister of Environment from the date of 23.10.2002, "Requirements for keeping calves, requirements for buildings and facilities of keeping calves", section 11.
		4(1)	Regulation No. 78 of the Minister of Environment from the date of 23.10.2002, "Requirements for keeping calves, requirements for buildings and facilities of keeping calves", sections 2-6, sections 9-10.
		4(2)	
17	Council Directive 91/630/EEC laying down minimum standards for the protection of pigs	3	Regulation No. 80 of the Minister of Environment from the date of 03.12.2002, "Requirements for keeping pigs, requirements for buildings and facilities of keeping pigs, list of veterinary procedures allowed on pigs and persons allowed to conduct these procedures, and requirements for the qualification of persons conducting these procedures", sections 14, 20.

		4(1)	Regulation No. 80 of the Minister of Environment from the date of 03.12.2002, "Requirements for keeping pigs, requirements for buildings and facilities of keeping pigs, list of veterinary procedures allowed on pigs and persons allowed to conduct these procedures, and requirements for the qualification of persons conducting these procedures", sections 14, 20.
18	Council Directive 98/58/EC concerning the protection of animals kept for farming purposes	4	Animal Protection Act, section 3, 4, 9.

Estonian Rural Development Plan 2007–2013

ANNEX 4

List of rural municipalities located in less-favoured areas

County	Art 19	Art 19 (complies also Art 20)	Art 20
Harju	Anija, Kernu		Kuusalu*, Padise
Hiiu		Emmaste, Kõrgessaare, Käina, Pühalepa	
Ida-Viru	Avinurme, Maidla, Sonda	Iisaku, Illuka, Lohusuu, Lüganuse, Tudulinna, Vaivara	Alajõe, Aseri, Kohtla, Toila
Jõgeva		Pala	Kasepää
Järva	Türi**		
Lääne	Kullamaa, Oru, Risti, Taebala	Lihula, Martna, Nõva, Vormsi	Hanila, Noarootsi, Ridala
Lääne-Viru		Vihula, Viru-Nigula	
Põlva	Kanepi, Mooste, Orava, Valgjärve, Vastse-Kuuste, Veriora	Mikitamäe, Räpina	Värska
Pärnu	Are, Koonga, Vändra	Audru, Häädemeeste, Saarde***, Tõstamaa, Varbla	Kihnu, Tahkuranna
Rapla	Kohila, Käru, Märjamaa, Vigala		
Saare		Kaarma, Laimjala, Leisi, Lümanda, Muhu, Mustjala, Orissaare, Pihla, Põide, Ruhnu, Torgu, Valjala	Kihelkonna, Kärla, Salme
Tartu		Meeksi, Vara, Võnnu	Alatskivi, Mäksa, Peipsiääre, Piirissaare
Valga	Karula, Puka, Põdrala, Sangaste, Taheva, Tõlliste		
Viljandi			
Võru	Antsla, Haanja, Lasva, Mõniste, Rõuge, Sõmerpalu, Urvaste, Varstu	Meremäe	Misso, Vastseliina
Total (99)	37	40	22

* Including the area of the former Loksa rural municipality.

** Only the area of the former Türi rural municipality.

*** Including the area of the former Tali rural municipality.