



National Reform Programme ESTONIA 2020

(Approved by Government 26.04.2018)

INTRODUCTION; OVERVIEW OF THE ESTONIA 2020 PROGRAMME

The National Reform Programme ‘Estonia 2020’ was approved in 2011 and describes the objectives for 2015 and 2020 established to improve competitiveness. In addition, the Programme also includes the main activities required to improve competitiveness.

The two central objectives of the Programme are increasing productivity and employment in Estonia. The main focus in the coming years is on education and employment, with an emphasis on the integration of the young or long-term unemployed people in the labour market and on the development of their skills as well as on measures to promote productivity and improvements to the business environment.

‘Estonia 2020’ is updated annually by a government decision at the end of April. The revisions made in the spring of 2018 take into account the statistics for the indicators related to the progress made in achieving the objectives, the country-specific recommendations made in the context of the European Semester, inter-ministerial discussions, a plan concerning the use of aid in the EU 2014–2020 budget period, as well as the priorities of the new coalition government’s Action Plan. As well as the challenges specified at meetings between the Prime Minister and government ministers.

The action plan for the implementation of ‘Estonia 2020’ for 2018–2020 has also been supplemented with new measures. The update takes place in accordance with the Government’s Action Plan, the state budget strategy and stability programme.

ANALYSIS OF PROSPECTS FOR ECONOMIC GROWTH

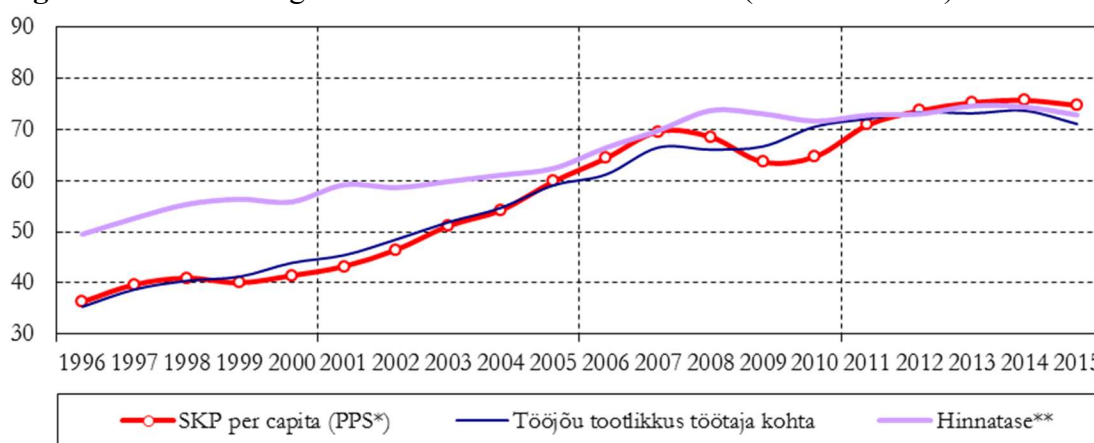
Since the regaining of independence in 1992, the Estonian economy has grown quickly. Estonia saw extraordinary economic growth in 2001–2007. The economy began to adapt in 2007, when the growth rate started gradually decreasing in connection with a shift in the economic cycle. Occurring until the middle of 2008, this adjustment could be considered an expected development and one that improved economic competitiveness.

Immediately after the economic downturn of 2008 and 2009, growth quickly resumed, but in the following years, it fell short of its potential and external expectations.

In 2013–2016, the Estonian economy grew on average by around 2% a year largely due to private consumption supported by the growth of real wages and employment, and low unemployment. The growth accelerated in 2017 to 4.9% due to global trade and economic activity. The growth was broad-based, earned income and profits grew in virtually all areas, unemployment decreased, and labour shortages inevitably worsened. The increase in the purchasing power of the population was limited to 3.4% by an increase in inflation. As the consumption behaviour of the population continued to remain conservative, private consumption grew in 2017 only by 2%.

The growth was mainly driven by domestic demand, but export growth also continued. Exports of goods and services increased by 2.9% and export prices increased by 4.1%. Strong export of services also contributed to the largest current account surplus, amounting to 3.2% of GDP. After three years of decline, the investments of companies rebounded, while long-term growth would require even more substantial investments. According to Statistics Estonia, labour productivity per person employed increased by 2.1% (real indicator), while it is noteworthy that labour productivity grew more than labour costs for the first time in several years.

Figure 1. Real convergence between Estonia and the EU (% of the EU28)



* PPS – GDP in Purchasing Power Standards.

** Household Final Consumption Expenditure.

Source: Eurostat

According to the Ministry of Finance's spring forecast for 2018, economic growth will slow down by 4% and then by approx. 3% years thereafter. Compared to the previous forecast, growth in 2017 and 2018 will be significantly higher.

Continued strong demand will lead to an increase in investment activity and consumption, which is reflected in the growth of trade, construction, and other sectors mainly driven by domestic demand. The growth should be further supported by manufacturing and export-oriented service industries over the coming years. The expected growth in the exports of goods and services is 4.5%, which is close to the expected growth in foreign demand. Imports will increase by 4.6%, supported by a revival of private consumption coupled with raising the minimum tax-free income, and a slight increase in investment activity of the government and companies. After a sharp recovery in the price increase in 2017, the inflation rate should slow down to 2.9% in 2018 and to 2.3% in 2019. The expected wage growth in 2017 is 7.0%, which, according to the Tax Board, means that the pace of wage growth has remained the same as last year. A strong contribution to income growth will result from the 2018 income tax reform. Considering the persistence of the conservative behaviour of consumers, private consumption can be expected to grow by 4.7% in 2018 and by 3.3% in 2019, after which the pace will slow down slightly due to the arrest and declining of employment growth. For 2018 and 2019, a 0.8% and 0.5% increase in employment is prognosed, respectively, whereas after 2020, employment is expected to fall.

Table 1. Changes and forecasts* in selected macroeconomic indicators (%)

	2017	2018*	2019*	2020*	2021*	2022*
Real GDP growth	4.9	4	3.2	3	2,9	2.9
Consumer price index	3.4	2.9	2.3	2.7	2.5	2.5
Growth in employment	2.2	0.8	0.5	0	−0.3	−0.3
Real salary growth	3	4	3.3	3	2.6	3.7

Source: Ministry of Finance spring 2018 economic forecast

Impact of measures

While compiling Estonia 2020, the target levels under the objectives of the Europe 2020 strategy were significantly more ambitious than in the economic forecast of spring 2011. When setting the targets, it was assumed that the new measures and reforms are required and are to be achieved. The expected total impact of the measures and reforms on main economic indicators is summarised in the table below. The impact analysis has not been updated from 2011 onwards.

Table 2. Positive scenario of implementing Estonia 2020 compared to the base levels of 2011

%	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP growth	4.0	4.0	3.7	3.7	3.6	3.5	3.5	3.6	3.7	3.8
Growth in productivity	1.8	2.1	2.5	2.7	2.7	3.4	3.6	3.6	3.5	3.5
Increase in the employment rate	2.2	1.9	1.1	1.0	0.9	0.0	−0.2	0.0	0.2	0.3
Unemployment rate	13.5	11.4	9.9	8.6	7.7	7.5	7.4	7.2	7.0	6.9
Real growth in exports	15.9	5.5	8.2	9.1	9.7	9.3	9.2	9.2	9.1	9.0
Productivity % of the EU27 level	69.6	70.1	70.7	71.6	72.4	73.8	75.4	76.9	78.4	80.0
Employment rate, 20–64 year-olds	67.8	69.1	70.1	71.2	72.5	73.0	73.5	74.3	75.1	76.0

Share of world trade	0.099	0.097	0.097	0.099	0.101	0.102	0.104	0.106	0.108	0.110
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Source: Ministry of Finance and Government Office (spring 2011)

LONG-TERM ECONOMIC POLICY OBJECTIVES

The three primary groups of factors that impact GDP growth are: 1) demographic factors, 2) the extent to which the workforce is utilised in the economy (largely described by the employment rate and the number of hours worked by people), and 3) hourly productivity. Estonia's GDP growth up to 2007 was impacted, above all, by changes in the number of employed people and productivity of Estonia's workforce. The greatest influence on the GDP growth that preceded the crisis came from the continuous rise in productivity.

Estonia's future demographic trends are similar to the general trends in Europe. The population decrease of the 1990s has not yet impacted the percentage of the working-age population, but a noteworthy impact will become evident in the coming years. The population decrease will take place primarily in the working-age population (15–64-year-olds); and in 20 years, according to Eurostat estimates, Estonia will have over 100,000 fewer working-age people. At the same time, the relatively high share of non-citizens sets clear limits on Estonia's opportunities to import labour, which is the route utilised by several other European Union Member States to increase the size of the workforce.

Table 2. Change in working-age population up to the year 2030

	Working-age population (15–64)	Decrease compared to 2010	Decrease in working-age population, %
2010	908,000		
2020	843,000	–65,000	–7 %
2030	801,000	–107,000	–12 %

Source: Eurostat; European Commission, Ageing Report

To maintain the economy at its current volume, there will be an increasing need for employees each year, as a result of which the **need for higher levels of employment will grow in the future**. This, in turn, will mean a need to increase the employment rate in all regions of Estonia.

The employment level dropped in the years of the crisis, after peaking in Estonia in the interim period, but it has been restored quickly and risen higher than the European Union average. For this reason, in spite of the decreasing number of youth reaching the working age, Estonia will find it possible to restore and raise the employment rate of the workforce. The current rising employment and, in the long term, the readiness of those 65 years of age and older to work should help soften the decrease of the working-age population and also contribute to future growth.

The average real growth in productivity in Estonia over the past 10 years has been faster than average for Europe (even when we include the downturn in 2009). **However, GDP per capita in comparison with the EU continues to be low mainly due to relatively low productivity.** The low level of productivity is related to both low total factor productivity¹ and capital intensity. In essence, this means that companies have low investment commitments, that a great

¹ Total factor productivity is construed as all that takes place in the internal processes of economic units (primarily companies). It is impacted to a great extent by the implementation level of technology, economy of internal processes, effectiveness of everyday management, etc.

amount of human resources are expended, and that they manufacture relatively inexpensive output and provide low value added services.

The rapid decrease of the working-age population and an analysis of Estonia's GDP components show that, regardless of their region or gender, the working-age population must be engaged to the maximum extent possible in high value-added enterprises.

Therefore, there are **two primary central challenges in the context of Estonia's prospects for continued growth:**

- **To achieve rapid growth in productivity** through products and services with greater capital intensity and higher added value;
- **To maintain the high employment level.**

The following objectives are set for 2020:

Increasing the employment rate in the 20–64 age group		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
66.4%	72%	76%

As regards employment rate, Estonia achieved the 2020 target in 2015 when the employment rate increased by 2.2 percentage points compared with 2014, reaching 76.2%. The 2015 target was also achieved by 2013. The high employment rate (76.3%) continued in 2016 and reached 78.5% based on early 2017 data. It is important to maintain that level over the upcoming years.

Increasing productivity per employed person compared to the European Union average		
Initial level in 2009	Estonia's target for 2015	Estonia's target for 2020
65.8%	73%	80%

The precondition here is that the EU's productivity will grow by an average of over 1% a year and that Estonia's productivity per employed person will grow approximately 2 percentage points faster than the average for the EU. **While in 2014 the productivity of Estonian companies per employed person increased to 73.8%² compared to the EU average, it fell to 70.9% in 2015 and increased slightly in 2016 to 71.8%.**

To achieve these goals, the current policy must be continued and developed further for the purposes of raising the skills of employees, increasing the workforce (including by involving foreign professionals), increasing the volumes of research and development in the private sector, developing infrastructure that supports enterprise at the international level, and promoting investment (especially in the fields with export potential and higher added value). As manufacturing plays a significant role in Estonian exports, a special report (the so-called green book) about the options for improvement to industry productivity was released by the Ministry of Economic Affairs and Communication.

WELL EDUCATED PEOPLE AND AN INCLUSIVE SOCIETY

² It should be noted that in early 2016, a Eurostat revision increased the productivity indicator for 2014 by 2 percentage points because the productivity time series was revised as a result of changes in GDP time series.

In the combined fields of education and integrated society, the government policy focuses on the labour market, including actively involving all groups in society, offering a qualified workforce, as well as the quality and availability of education at all levels.

ESTONIA 2020 OBJECTIVES

The following primary objectives will be set for the year 2020 in the Estonia 2020 competitiveness strategy:

Reducing the amount of early leavers (dropouts) from education, i.e., the percentage of young adults (18–24) with, at most, lower secondary education and who are not in further education or training		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
11.7%	11.0%	9.5%

To achieve this goal, it will be necessary to implement complete, ongoing policy changes that reduce the school dropout rate, and to develop additional measures. Achieving this objective will reduce the number of people who discontinue their education early, by around 12,100 people compared to the 2009 level. **The proportion of young people between the ages of 18 and 24 who discontinued their education was 10.9% in 2016.** Even though the 2015 goal was reached, achieving the 2020 goal requires more work.

Increasing tertiary educational attainment, age group 30–34		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
39.7%	40%	40%

The goal was set with the assumption that in the long term, the primary priority of educational policy is raising the quality and international competitiveness of higher education. The percentage of people with tertiary education in Estonia has increased significantly in the past 10 years, as from 2000, the number of higher school graduates has grown tremendously (the so-called higher education boom) and has stabilised in recent years. **In 2017, according to preliminary data, the share of people between the age of 30 and 34 with tertiary education completed was 47.4% in Estonia, which is a significant increase compared to 45.4% of 2016.** While the target has been achieved, greater attention should be paid to promoting post upper secondary further education, which has shown a downward trend in the past five years.

Reducing the at-risk-of-poverty rate after social transfers		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
17.5%	16.5%	15%

The year 2009 was an exceptional one, as the poverty threshold dropped due to the recession and the decrease in employment. Therefore, data from 2010, according to which the at-risk-of-poverty rate after social transfer was 17.5%, were used as a basis for setting objectives. An increase in the poverty threshold as a result of increased employment and incomes raised the relative poverty rate to 21.6% in 2014. In 2015, the relative poverty rate was 21.7%, dropping to 21.1% in 2016. The target set for 2015 – 16.5% – was not achieved.

In the Estonia 2020 strategy, Estonia has aimed to decrease the at-risk-of-poverty rate primarily through increasing employment and increasing the general educational level. For Estonia, it is important to reduce the at-risk-of-poverty rate after social transfers to 15% by 2020. Special

attention is being paid to children's poverty, as well as improving subsistence for people with a lower income and the elderly through targeted social policy measures. Social policy measures include increasing family allowances, including a new allowance for large families, the establishment of a maintenance allowance scheme, differentiated income tax exemption for employees, and allowances for pensioners living alone.

Increasing the participation rate in lifelong learning activities among adults (25–64)		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
10.9%	15%	20%

In the years 2001–2006, the participation of Estonian adults in lifelong learning ranged between 4–7%. A breakthrough took place in 2008 and the Estonian indicator exceeded the EU average. In 2009, the participation rate in lifelong learning rose to 10.5%. In 2015, the indicator was 12.4%. The government has set the goal of reaching the level of a 20% rate of adult participation by 2020. **In 2016, the rate of participation in lifelong learning reached 15.7%. While the indicator has improved significantly over recent years, additional efforts are required to achieve the target.**

The prerequisite for achieving this objective is that additional substantive and financial measures are implemented towards the increasing of the adult participation rate in lifelong learning and that the measures continue after the end of the financing period of the Structural Funds. These include, in particular, broadening the opportunities for adults to take part in training and retraining measures, increasing the financing for adult training measures, and offering formal education to adults without upper secondary or professional education. It is important that the forms of study (such as e-learning opportunities), and employers support adult learning.

Reducing the share of adults (25–64) without any professional education or vocational training		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
32%	32%	30%

A large part of Estonia's workforce (age group 25–64) only have a basic or general secondary education and do not have any professional qualifications (vocational or higher education). In 2010, the share of such people was 31.7%, which also served as a basis for the target of 30% by 2020. In 2015, the indicator was 28.9%. The number of people without any professional qualifications is highest among 25–44 year-olds (30% in 2016). **In 2016, the share of adults between ages 25 and 64 who did not have a professional education decreased to 28.5%; thus, the targets for both 2015 and 2020 have been achieved.**

Reducing the long-term unemployment rate		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
7.7%	4%	2.5%

Due to the decrease in the total number of jobs caused by the economic recession, the share of the population in long-term unemployment soared in 2010. While in 2008, the share of the long-term unemployed of all of those unemployed was 31%; in 2011, it was 57%; and in 2012, 54%. Currently, the long-term unemployment rate in the total workforce indicates a downward trend. **In 2017, the share of the long-term unemployed of all of the unemployed was 33.5% and**

the long-term unemployment rate was 1.9%. This means that the targets of both 2015 and 2020 were met and the challenge for future years is to maintain the momentum.

To maintain the achieved level, it is necessary to reinforce the measures aimed at activating and improving the skills of the unemployed and to increase the impact of active labour market policy.

Reducing the youth unemployment rate (age group 15–24)		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
32.9%	15%	10%

As regards job losses during the period of economic downturn, the rate of youth unemployment increased more rapidly than the average, reaching 32.9% in 2010. However, it started to fall fast thereafter, dropping to **12.1% in 2017**, which is still more than double of that of the total working age population.

The goal is to bring youth unemployment down to at least the pre-crisis level (10.1% in 2007). To do so, implementing additional measures specially aimed at the younger generation are planned (for example, the “EU youth guarantee”). The provision of high quality education and youth work, measures to combat early school leaving, the acquisition of early work experience and the development of practical career studies and entrepreneurial learning are especially important, as these would consequently ensure that young people are better equipped to enter the labour market.

Increasing the labour participation rate (age group 15–64)		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
73.4%	74%	75%

In spite of unemployment, which increased during the economic crisis, people's economic activity and the workforce participation rate have grown steadily in recent years. A positive trend is that part of the increase in unemployment was due to a drop in the non-active population and the fact that people who were previously away from the labour market have started looking for work. There are also the first results of the work ability reform that has helped inactive people to enter the labour market. **In 2017, the employment rate among the population aged 15–64 was 78.5%. This means that the targets of both 2015 and 2020 have been met.**

PRIORITIES OF GOVERNMENT POLICY

Quality, availability, and effectiveness of education

1. Improving the quality of the educational system and adapting it to demographic changes.

The decrease in the number of students due to demographic changes has the greatest impact on the upper secondary school network, followed by higher educational institutions. The number of basic schools and vocational educational institutions has decreased in recent years and thus, adaptation to demographic developments has taken place to a significant extent. **To ensure a balance between the quality and the availability of general education**, basic education should be available as close to home as possible, while upper secondary school level studies

and vocational training should, on the other hand, be available in larger county population centres.

The number of higher educational institutions has also decreased and due to the establishment of stricter quality requirements, higher education has reached a situation where all higher educational institutions in Estonia have the right to issue nationally recognised diplomas. **The division of labour and the concentration of competencies between higher educational institutions** is one of the most major reform objectives of the higher educational system. Transfer to the activity support system, rather than the earlier admission system based on state-commissioned education, helps improve the effectiveness and efficiency of the higher education system. Increasing the scope of needs-based education allowances and bursaries systems improves access to higher education and motivates young people to choose professions in the growing sectors of the economy.

Compared to other EU countries, a relatively small percentage of basic school graduates in Estonia proceed to study in vocational education. However, the need for a skilled workforce that complies with the needs of the labour market is great; the need for qualified workforce in various sectors will be identified by using the recently launched OSKA system. It is important **for the vocational education system to ensure the teaching of professions corresponding to the needs of society and people.** The development of vocational education curricula into output-based curricula, the closer cooperation with other educational institutions, the implementation of qualification frameworks, turning vocational educational institutions into competence centres, and the engagement of entrepreneurs in making choices concerning vocational education will help make vocational education more attractive and increase its relevance to societal needs.

Attention should be paid to the provision of skills meeting the needs of the future labour market at all levels of education. Internship and student mobility also play an important role in the acquisition of these skills. It is important that companies contribute more to **apprenticeships and practical training situations** (including in higher education) to facilitate students' faster and smoother integration into the working life. Although the need for skilled workers is high, the low wages for school graduates lead to a large number of graduates leaving to work abroad. This also hinders people from choosing vocational education. The educational system of the country should be viewed as a whole according to the objectives of lifelong learning, which would among other things also mean planning student placements at all educational levels.

To help direct youth choices and to reduce the school dropout and unemployment rates, **support systems, incl. study counselling and career services** (career studies, career information and career counselling) must be developed. In order to increase the competitiveness of children and young people whose mother tongue is other than Estonian, it is important to improve the **quality of Estonian language teaching** in kindergartens, basic schools, upper secondary schools, and vocational schools. In addition, non-formal education and youth work play an important role in supporting the youth in coping with the challenges that they face. In order for youth to adjust better to their later working life, it is necessary during general education to develop, in addition to factual knowledge, **creativity, initiative, and all key social competences.** At the same time, competences developed in general education can be supplemented and consolidated through informal learning and youth work. Greater regard should be given to the development of the digital skills of pupils to ensure that they are successful in the information society and in competing for jobs that require IT skills. The preparation of support specialists as well as the substantive quality and availability of support must also be improved, including vocational

education. It is important to make the financial models of vocational schools more results oriented.

The decreasing number of upper secondary school graduates result in lower admissions in bachelor's and professional higher education, post-secondary vocational education, and master's degree level studies. For higher educational institutions, this means that opportunities for lifelong learning become more important on the master degree level.

Teacher training must ensure the ability to fulfil the general goals of the curriculum and to shape the key competences of students. The qualitative level of teacher education and primary training must increase and substantive in-service training corresponding to their development needs should support their later career. The teachers' salary system must promote initiative, creativity, and professional development of the teachers, incl. the valuing of the teacher's profession. It is important to provide a sufficient number of motivated **natural science teachers** in basic and secondary education school levels. Furthermore, opportunities should be created for people with a higher education to acquire teaching qualification. Attention should be paid to educating a new generation of vocational teachers and trainers to ensure high quality vocational education.

When planning structural funds for the subsequent years, it should be borne in mind that infrastructure investments will decrease in some respects, as a large part of the infrastructure has already been created or restructured. This allows more funding to be directed toward substantive developments in the educational system. However, it should also be remembered that the fixed costs of maintaining the new infrastructure add pressure on the budget. The educational expenditure in 2016 was 5.9% of GDP; it is important to ensure that the proportion of educational expenditure in the state budget does not decrease and is maintained at the level of 6–7% of GDP.

Due to internationalisation, in coming years, more emphasis will have to be placed on organising education for children of immigrant backgrounds based on the objectives of integration. It will be important to take into consideration the ethnicity of the new immigrants and increase cultural diversity. **The availability of international pre-school and general education are the prerequisites for highly qualified workers coming to Estonia to work.**

The most important reforms planned in this field are optimising the network of general educational schools and more clearly separating basic schools and upper secondary schools (including the development of the digital competence of both teachers and pupils), continuing wage increases for teachers, updating the skills acquired in vocational and higher education to ensure that the skills meet the needs of the labour market and people's career choices, increasing the number of support professionals in local governments, reorganising the system of career counselling, and implementing a support system for informal education and youth hobby activities, etc. The opportunities for extending international general education (including the implementation of IBO curricula) in Tallinn and Tartu have been created and a European school has been established in Tallinn.

2. Aligning training and education with the needs of the modern labour market (including making better use of the EU internal market potential and other policies) and increasing the proportion of people with professional education at the vocational or higher education levels

Nearly 30% of Estonia's workforce have only completed basic or general secondary education and does not hold any professional qualifications (vocational or higher education). At the same time, the new jobs that arise with the changes in the economic structure will require employees to have a higher educational level and diverse (incl. international) competences. To better integrate the needs of the labour market and people's skills, as well as to increase the productivity of the workforce, it will be necessary to ensure that there is an ample future supply of employees with up-to-date skills. For this purpose it is, above all, necessary to **increase the share of the working-age population with professional education (i.e., vocational or higher education)**.

In order to strengthen the competitiveness of the population whose native language is other than Estonian and to improve their job opportunities, **the accessibility and quality of Estonian language learning need to be improved**. This involves improved accessibility to formal language courses and online courses, the development of informal language learning opportunities and ensuring a new generation of Estonian language teachers. The opening of Estonian language houses in Narva and Tallinn and, indirectly, the conclusion of contracts for the provision of free Estonian language courses to Estonian residents wishing to acquire citizenship contributes to the achievement of these objectives.

To define the exact trend in training needs, a clear and operational labour market input is required. In order to better match to the actual labour market needs, the monitoring of labour market needs and the skills development coordination system OSKA was launched in 2015. The OSKA system enables a combination of the individual components of "commissioned education and training" into a well-functioning entirety, as well as creating a cooperation platform for pooling the systematic input from different parties to ensure that the knowledge and skills of the Estonian population meets the needs of employers and society as a whole. It is essential to ensure the successful implementation of the proposals on the OSKA, improvement of the methodology and design of the implementation concept for the next period.

The implementation of a coordination system to monitor labour needs and develop skills will facilitate the planning of the structure, volume, and content of formal education within the adult education system and in-service training, the development of curricula and career planning, and will help employers in their efforts to develop the skills of their employees.

People with the skills and education that match labour market needs stand a better chance of finding a job, which in turn prevents high and long-term unemployment from developing. Thus, it is important that the provided education meets the needs of the labour market.

New technologies and IT platforms change the structure and operation of companies, which in turn blurs the traditional ways of work and requires more flexibility and autonomy compared to traditional work. Flexible forms of work are characterised by untraditional working hours and workplaces or irregular work. The Employment Contracts Act contains forms of work, such as telework and temporary agency work, but is relatively conservative considering the challenges related to future work. In order to provide social protection for employees in flexible forms of work, **additional ways must be found in the Employment Contracts Act for using flexible working methods**. It must also be considered that the regulation of flexible work should take into account the interests of social partners and should not be in favour of one party.

A major reason for the large share of people without professional education in the case of younger people is the fact that they prefer general secondary education to vocational education

and many drop out of school. The share of young people who do not continue education after finishing general secondary school has increased in recent years. In order to prevent dropouts, we should increase the number of support professionals in local governments, and to identify young people not in employment, education or training (the so-called NEET youth), the activities of the Estonian Youth Guarantee implementation plan, including the support programme “Youth Prop Up”, will be implemented. It is also important to implement the Youth Guarantee support system.

The quality and competitiveness of human resources are impacted by students dropping out at all educational levels. The problem is especially serious in the first year of vocational and higher education. Higher dropout rates can be linked to students’ low level of knowledge about the working world, and a lack of learning skills, which often leads to incorrect professional choices. Therefore, it is important to increase the share of problem-based learning at the lower levels of education already to develop practical training in higher education, improve the attractiveness of vocational training, and provide **further career counselling and the related services designed to introduce different professions to young people. It is important to improve access to support services and career counselling** to better support the educational and career choices of students. It is also important to promote early work experience for young people by supporting their short-time employment.

More opportunities should be provided for cooperation between different sectors (the public and private sectors and universities) to provide high quality practical training during studies, including offering practical training for students from other countries to support the “talent policy” and motivate top specialists to stay in Estonia after the completion of their studies. The creation of additional student places in work-based learning should also be promoted.

3. Increasing international competitiveness of higher education

Estonian universities and higher educational institutions compete on the global higher education market, where there is intense competition for talent. Along with the increase in economic well-being, more young Estonians are studying at universities abroad, favouring primarily Finnish, German, and British institutions of higher education. Promoting student mobility in the interests of obtaining a more diverse education is of key importance. **The supply of competitive higher education, in particular in Estonia, must also be ensured.** A total of 1.8% (data of 2016) of today’s university students spend a portion of an academic year studying abroad. The target set in the European Higher Education Area is for 20% of graduates to have a mobility experience by 2020 – Estonia has a long way to go to achieve that level.

According to projections, the number of students at in the first stage of higher education will decrease by around 5% a year in the near future. In connection with changes in the demographic situation, it will be possible to increase admissions to master’s and doctorate programmes, taking into consideration quality and the need to retain critical mass in higher education and in fields that are critical to Estonia, as well as maintaining a rational division of study areas between institutions of higher education.

Supporting internationalisation of higher education serves three primary purposes. Firstly, it will create an opportunity for Estonian students in higher education to widen their horizons, by obtaining experience studying and living in a different cultural environment, and let them create global contacts, all of which are important components in later working life in an increasingly global world.

Secondly, what is also important is “internationalising at home” – **attracting talent to areas that are important for the Estonian economy**. These include things, such as: a coordinated talent policy, an inevitable part of which is cooperation between different sectors (the public and private sectors and universities), providing practical training opportunities for students from other countries and ensuring the existence of a relevant legal space that would facilitate the continued stay of top specialists in Estonia after they have completed their studies. It is important to hire foreign faculty members to work in Estonian institutions of higher education to give Estonian students who are unable to study abroad an opportunity for contacts with an international environment. For the purpose of providing better integration for foreign faculty with the work and study environment, they must be given better opportunities for participation in research, and the necessary family services. Foreign students, both those who leave the country after their studies and those who stay, are important for Estonia. Those who leave may become “ambassadors” for the Estonian state, culture and economy in their new country who can contribute to developments in Estonia through their contacts.

Thirdly, we should take into consideration that competition and quality in higher education and the academic sphere in general are international. An international comparison is the basis for the quality standard and international mobility creates opportunities for recruiting better employees.

The internationalisation of higher education encompasses both the mobility programmes aimed at Estonian students and faculty, as well as measures for encouraging foreign students and faculty to come to Estonia. Thanks to special measures implemented, admissions of foreign students to Estonian universities have increased in recent years. The goal for 2015 – to admit 2,000 foreign students – has been achieved. A total of 3,476 foreign students were studying at Estonian universities in the 2015/2016 academic year – more than 6.8% of the total student body at Estonian universities. In the academic year 2016/2017, the number of foreign students was 3,900 (8.2%). The actions that support internationalisation should be continued to increase the capacity of universities to internationalise and to attract more foreign students. To do so, it will be necessary to continue to further develop the existing measures and to **make Estonian higher education more attractive to foreign students**. Besides acquiring an education, it is important to **create more possibilities for foreign students to stay in Estonia to work after graduating from university, in particular, improve the provision of placements and jobs and opportunities for learning Estonian for foreign students**.

In order to encourage foreign students and researchers to stay in Estonia, a number of amendments have been made to the legislation to simplify the process of applying for a visa and residential permit, to facilitate the bringing of family members to Estonia and to allow for staying in Estonia for 183 days after the completion of studies or research work to (for example) look for a job or apply for a new residence permit. This period is extended to 270 days with a new legislation amendment. The conditions for applying for a residence permit have been simplified to facilitate the entry of students into the country, enable them to work in parallel with their studies, and to facilitate their entry to the labour market. Further amendments to the Aliens Act have been proposed to promote mobility between EU Member States. It is essential **to ensure consistency between, and the combination of, the measures targeted to foreign students and researchers implemented by universities, and the national measures supporting the initial adaptation to avoid duplication, and ensure the efficiency and sustainability of such measures**.

Labour supply

4. Increasing the impact of the active labour market policy and the sustainability of financing

To prevent and decrease the duration of unemployment, it is important to continuously **increase the effectiveness of the provision of active labour market measures and enable the growth of their impact**. In the coming years, there is a risk that structural unemployment will persist for a longer period. In order to improve the regional situation in Ida-Viru County, Ida-Viru County Program was launched to revitalise the region's economy, develop urban space, and support income generation through employment. In addition, more attention should be paid to **preventing and reducing unemployment among young people**. Better cooperation with local government institutions plays a significant role here (activation measures, resolution of social problems, etc.). Support must also be provided for the **transition of youth from education to the labour market**. Measures should be implemented to find youth not in education employment or training (the so-called NEET youth) and bring them back to active life.

To make the provision of services more effective, it is important to tighten institutional cooperation and more clearly define the responsibilities of the Ministry of Education and Research, the Ministry of Social Affairs, the Unemployment Insurance Fund, and local governments. Opportunities must be created to allow the unemployed who lack professional education to acquire qualifications at the degree study level. Unemployed people holding primary qualifications must be provided with additional opportunities to acquire higher or supplementary qualifications that would markedly increase their future competitiveness on the labour market. Measures have been developed to prevent unemployment and reduce the period of unemployment by providing ongoing training and retraining.

It is necessary to reinforce, in practice, the link between the provision of active labour market measures and the benefits/allowances disbursed to people to make them better aware that receiving benefits entails obligations for the recipient to actively search for a job. Therefore, the subsistence benefits system should be improved to encourage benefit recipients to stay in employment. Systematic monitoring and evaluation for assessing the impact of active labour market services should continue to assess the efficiency of the active labour market policy.

In regard to the ageing workforce, **measures should be taken to help older people return to, and remain in, the labour market**. Moreover, the most common new forms of work are being analysed to consider their introduction in Estonia. New forms of work enable young people to enter the labour market in a more flexible way and also offer alternative job opportunities to other age groups.

In the years to come, a key issue is to reduce the **gender pay gap**. Wage inequalities in Estonia can be attributed to a chain of factors, such as opportunities to combine work, family and personal lives, women's career breaks, personnel practices at work, segregation in education and in the labour market, educational choices, attitudes, standards and values in society. Therefore, in order to address the pay gap, we should focus on all of these factors. In order to contribute to the narrowing of the gender pay gap, the **Labour Inspectorate's supervisory powers** over the implementation of the principle of equal pay for equal work or work of equal value will be **expanded**. **Information provisions and analytical activities** to increase awareness of the gender pay gap, its causes and effects in society and among institutions will continue. We will promote the **introduction of work assessments and remuneration systems**

based on transparent and objective criteria. Activities designed to increase awareness and change attitudes among students and career counsellors are planned to **reduce segregation in terms of school and university guidance as well as labour market segregation.**

The availability of high-quality, affordable, and flexible pre-school education and child-care services must be increased to help parents of small children (re)integrate into the labour market and reconcile their professional and family obligations. It is also important to support the creation of child-care facilities according to regional needs. Additional support services (child-care, support person's and transport services) should be provided to parents of children with disabilities to reduce their burden of care and facilitate integration into the labour market.

Successful **implementation of the capacity for work reform** continues to be a priority which would ensure the sustainability of the system, preserving and thereby improving the fit for work among the working-age population, prevent unemployment and decline in work ability and supporting the improvement of the working conditions, and the return and stay of people in the labour market. The reform brings into focus the best use of the work ability of working-age people who have decreased capacity to work; including emphasis on **measures supporting access to employment and work aimed at people with reduced capacity for work and people with disabilities.** Consideration should be given to the possibility of changing the existing occupational health system and the field of occupational accidents and safety should be reviewed to more efficiently prevent partial or full loss of capacity for work.

We are committed to making the present system of physical therapy and rehabilitation, which is currently inefficient, complex, ineffective, and often suffers from duplicate internal activities, more customer oriented; as well as using the existing resources of these services more efficiently, and integrating the system into a coherent whole. **A better functioning rehabilitation system** enables people who need help to reintegrate into the labour market and society sooner and in many cases to leave the rehabilitation system.

A significant hindrance to the participation in employment is the **burden of long term care**, which may be caused by taking care of children as well as of disabled or elderly family members. Therefore, special attention is paid to reducing the withdrawal of a person from the labour market due to long-term illnesses, incapacity for work, disability or caring obligations and improving independent coping, incl. by providing special-purpose welfare and support services. Investments in the **living environment** (including raising awareness and broader use of the principles of universal design) and **social services** (including social transport) would enable improving the ability of people with disabilities and the elderly to cope with everyday life to access labour market services and enter the labour market.

Local governments are supported in the development and provision of social services. Attention is drawn to the development and testing of **innovative solutions** (products, services) in the social field. These solutions reduce the burden of care, support people in entering the labour market or in continuing work, as well as support the livelihood of people with special needs.

In order to reduce the burden of care preventing participation in the labour market, **the provision of quality services** for people with increased need for care must be developed to reduce their marginalisation and enable their family members to participate in work and social life. It is also necessary to create the basis for further provision of services coordinated between sectors. To meet these goals, **initial measures for the reduction of the burden of care are supported.** A new national service, day and weekend care for people with intellectual deficit

and multiple disabilities, will be created. The quality of services aimed at elderly people with dementia will be raised and the availability of services will be improved. Contributions will be made to create a **care coordination** system, where people with the largest and most complex needs of care can get more support near their home. Additional paid leave will be provided to the family members of persons with severe disabilities **to help employees with the burden of care remain in work longer**.

Community-based solutions to reduce the burden of care should also be supported in a more systematic and coordinated way. In other words, **community-based solutions involving direct contact between people** (people-to-people solutions), which ensure the active participation of persons with the burden of care in community and work life, should be supported. The formation and development of forms of cooperation between local governments and voluntary networks should also be supported. Therefore, it is important to contribute to the promotion of sustainable cooperative relations between local authorities and voluntary associations at the regional level. To test **using volunteers in providing social services** and helping people with special needs, a pilot project will be carried out in different regions of Estonia in 2018–2019. As a result of the project, a suitable cooperation model for using volunteers in the welfare system will be developed.

An amendment to legislation already entered into force at the beginning of 2011, which allows the unemployment insurance premiums to be used to cover provision of active labour market measures. This has ensured the **sustainability of financing for an active labour market policy** after the ESF 2007–2013 funds ran out. In the current period, the ESF funds are used to supplement labour market services and to develop and provide new services, where necessary.

5. Increasing healthy life years by improving health related behaviours and reducing the number of accidents, as well as developing healthcare infrastructure.

Poor health-related behaviours, related illnesses, and premature mortality among the working-age population leads to a significant loss of human resources. The main causes of death in Estonia over the years have been cardiovascular diseases, neoplasms, and injuries. In the case of premature mortality, a major role is played by behaviours jeopardising health (e.g., use of alcohol and drugs, disregard for hazards, low level of physical activity, smoking, eating an unbalanced diet) and other factors that are important for an extended life expectancy. The number of deaths caused by drug overdose continues to be high (114 people in 2016). Since 2000, 1,815 people have lost their lives, the majority of whom are men and women of working age (average age 34.9 years). Promoting people's mental health is also important. Suicides amount to one fifth of all injuries. The results of 2016 showed a decline in suicide, according to preliminary data, however, there were 212 suicides in 2017, constituting a sharp increase.

People's positive health behaviours are most impacted by the comprehensive provision of different measures, including increasing people's awareness, providing required services, improving access to the environment and infrastructure that facilitates exercising and prevents illnesses, establishing legislation providing restrictions and incentives, as well as an effective enforcement mechanism. This approach has been successful in recent years in fields, such as fire and water safety, leading to a significant drop in the number of fire and drowning fatalities.

Another key reform was introducing health awareness, traffic safety, and risk avoidance topics into basic school and upper secondary school curricula, specifically in the personal education syllabus, but also as a cross-cutting theme in the syllabuses of other subjects, in early 2010.

Health and safety is an overarching topic also in the upper secondary school curriculum. The physical education syllabus should be revised to reform PE into mobility education provided across all levels of education. In order to improve children's swimming skills and reduce the number of deaths by drowning, the PE syllabus was revised in 2018 and an improved and more extensive methodology for **beginner level swimming lessons** was implemented.

In order to update the implementation of the topic "Health and Safety" in the national curriculum, **teacher's books consolidating safety topics** were created for all school levels. Tasks and references provided by experts help teachers to effectively shape children's perceptions of safety behaviour in practice. The topics, from healthy eating to making an emergency call in case of an accident, can be addressed by teachers in classes.

In the coming years, it will be important to direct resources at improving health-related behaviour among the working age population as well as the prevention of injuries and fatal accidents due to injury. There are plans to implement an **inter-ministerial policy to prevent injuries and deaths** and to continue the development of **foot and cycle paths** to ensure road safety and facilitate physical activity. A **green paper on diet and mobility** is also in development to promote a balanced diet and regular exercise from cradle to grave and thereby increase the numbers of healthy years of life.

The consumption of alcohol has decreased from 11.9 litres in 2013 to 9.9 litres of absolute alcohol in 2016. The National Health Plan 2009–2020 aims to reduce alcohol consumption to less than 8 litres of absolute alcohol per capita (9.5 litres for adults (15-year-olds and older)) per capita. In order to prevent and reduce alcohol consumption and thereby the damage caused by alcohol, the implementation of the Government-approved **green paper on alcohol policy** continues. This means an enforcement of measures to control the availability and price of alcohol, to prevent the distribution of "bootleg" alcohol, to reduce the damage caused by alcohol consumption, prevent drunk driving, increase awareness, and improve the availability of treatment and counselling services.

Estonia is also the first in Europe when it comes to damages caused by illegal drugs or drug-related injuries. This includes fatal overdoses (114 people in 2016), new HIV cases (219 new cases in 2017) and drug use among 15–16-year-old school students (38% in 2015). In 2014, the government confirmed Estonia's Drug Prevention Policy 2014–2018 (White Paper); an action plan for the policy for the next period is currently in development.

In order to increase the number of healthy years of life, it is important to **reduce the damage caused by tobacco use**. Implementation of the green paper on tobacco policy is continued to ensure a tobacco-free environment, reduce the attractiveness of tobacco products, regulate the marketing and distribution of alternative products, restrict youth access to tobacco products, prevent tobacco use, develop treatment and provide counselling services for those who wish to quit smoking, as well as to develop a tax policy that reduces tobacco use.

In order to reduce the number of occupational accidents and to ensure a safe working environment, we need to continue to prevent **work-related reductions in performance ability** and support the participation in the labour market of people with reduced capacity for work. Policy proposals on the compensation for the loss of capacity for work and the continuing and returning of people with reduced capacity for work to the labour market are currently being analysed.

An increase in the number and scope of evidence-informed medical examinations and **screenings, such as cancer screening**, to ensure early detection and successful treatment is intended. The state will fund the Human Papilloma Virus (HPV) cervical cancer vaccination of girls under the immunisation programme that entered into force on 1 January 2018.

Over the past decade, Estonia has invested massively in increasing the quality of the health system and optimising the hospital network. It is important to continue the **development of a healthcare infrastructure** that takes into account the needs and possibilities of the aging and declining population. For this purpose, it is important to ensure the strengthening of basic medical care and to develop a further patient-centred local model of integrated healthcare and social services that would ensure access to services that take into account the needs of the population. It is also important to continue supporting the optimum development of the hospital network providing specialised medical care to people across Estonia through network-based cooperation. It is also important to develop a health care **quality system**, including the development and implementation of quality indicators.

Various e-Health solutions play an important role in improving the quality, accessibility, and effectiveness of health care services. A **national eHealth Strategy** has been adopted to develop the eHealth and personal medicine in Estonia.

COMPETITIVE BUSINESS ENVIRONMENT

The field encompasses a number of major subsectors, such as research and development, innovation policy, enterprise and entrepreneurship, and the development of a legal environment and public infrastructure (above all transportation connections) that are favourable for enterprises.

ESTONIA 2020 OBJECTIVES

The following objectives are set for 2020:

Raising the level of investments into research and development		
Initial level in 2009	Estonia's target for 2015	Estonia's target for 2020
1.42%	2%	3%

Based on previous trends, the set goals, and the latest economic forecasts, this would mean around 0.8 billion euros in R&D spending in 2020 – a quadrupling of R&D spending compared to 2009, assuming that the GDP nominal value would be close to twice as large as before.

The average annual increase in investments into R&D activities from 2000–2009 was 10.1%, which was the highest figure in the European Union. Due to the initially low benchmark, growth was especially rapid in the private sector – an average of 18.4% per year. During the economic crisis, the government set a goal of increasing planned public sector investments in a greater than planned amount to establish a good basis for private sector R&D investment growth which would accelerate when economic recovery starts. The consistent R&D policy was effective – the total spending on R&D decreased considerably less than GDP during the years of the economic crisis (2009). Private sector R&D spending remained practically the same and increased after 2010 by 33%.

After the economic downturn, R&D investments increased rapidly, exceeding the 2% target set for 2015 already in 2012. However, R&D spending, in particular private R&D investments, has been declining recently. **In 2015, R&D spending amounted to 1.5%, and in 2016, to 1.28% of GDP.** The decline is partly linked to EU Structural Funds. As a percentage of GDP, Private R&D spending also decreased –from 0.72% in 2015 to 0.66% in 2016. The target for 2020 is to increase R&D spending to 2% of GDP. Developing an incentive mechanism for this purpose is significantly more difficult than increasing public R&D spending to 1% of GDP.

Increasing the share of Estonian export in world trade		
Initial level in 2009	Estonia's target for 2015	Estonia's target for 2020
0.085%	0.100%	0.110%

In past years, the growth of the market share of Estonian export as a percentage of total world export of goods and services took place at a time when world trade was growing rapidly. In light of the economic growth forecast, raising export volumes would mean a separate goal increasing the share of exports beyond 120% of Estonian GDP, which would presume an export volume of over 30 billion euros in 2020. The precondition for attaining the goals is that Estonia's export volumes must grow at a rate of 2–3 percentage points more than the world average for economic growth. **According to the data from 2015 and 2016, the market share of Estonian exports was 0.08%, which is somewhat lower than in 2014 (0.096%).**

Increase in labour costs does not exceed the growth rate of productivity ³		
Initial level in 2011	Estonia's target for 2015	Estonia's target for 2020
-2.8%	0%	0%

The growth rate of workforce expenses in the boom years of the previous economic cycle outstripped the growth of productivity. After the recession, the volumes of work increased both in the industrial sector as well as in most service branches, due to which sales revenues grew and profitability recovered. There was a significant impact on companies' operating costs, above all on cuts in workforce expenses, accompanied by growth in effectiveness and an increase in competitiveness. In recent years, the increase in labour costs has exceeded the increase in productivity, i.e., labour costs have not reflected the economic slowdown resulting from labour market stresses. The real change in labour unit costs in 2017 was 0.5%.

PRIORITIES OF GOVERNMENT POLICY

6. Formulating a policy to facilitate long-term increase in the international competitiveness of companies

Challenges in the business environment will not change significantly in the medium-long range perspective. **Starting a business, developing and increasing the efficiency of companies, internationalisation, innovation, and cooperation continue to serve as the framework in which developments could take place.** As a general direction, the **support policies must move towards financial measures** enabling a more extensive use of public and private sector resources.

The **most important challenge** for Estonia remains **ensuring the growth of productivity and improving access to capital for entrepreneurs.** Financing issues will become more urgent in connection with limited resources at the expansion and growth stages of companies. **Subsidisation policy should support the implementation of companies' ambitions for growth as well as making the processes more effective.** Great emphasis must also be put on the development of complete measure packages supporting companies. A prerequisite is finding out the needs of companies in more detail, their more long-term planning focus and the integral management of resources, and the know-how aimed at support.

Issues related to the availability of a suitable workforce, which pose a challenge, first and foremost to the adaptive ability of the education system and to the capacity to use qualified foreign workforce, also remain central. There is also a special focus on addressing labour shortages in the ICT sector. Step-by-step, the regulations on recruiting foreign workers will be simplified to facilitate the migration of skilled labour. For example, the regulation governing the living, working, and studying of aliens in Estonia are being updated to better meet the needs identified in practice. In addition, top-level specialists are excluded from the immigration quota and the duration of short-term work is extended to mitigate the shortage of temporary workforce. Particular attention will be paid to alleviating labour shortages in the ICT sector. For example, the amendments to the 2017 Aliens Act excluded ICT professionals from the immigration quota.

³ Real change in the labour unit cost (change in the share of labour costs in current prices in added value generated, nominal GDP)

Companies engaged in exports need more lasting state support in the broadest sense, i.e., counselling and training, as well as direct subsidy measures, and guarantee measures, which need to continue.

The Estonian business environment is considered to be advantageous in comparison with other countries. In order to strengthen competitiveness, more attention needs to be paid to **shaping a regulatory environment that stimulates economic development**. When designing policies and the legal environment in different areas, the impact of the proposed initiatives or amendments on both the economy and enterprises must be analysed, and the regulatory burden and proportionality with the desired objectives must be assessed. **The systematic assessment and reduction of administrative burdens** must continue to be addressed and work must be continued to further reduce bureaucracy as a permanent goal. To this end, the skills of both officials and non-governmental partners will be strengthened to assess impacts.

Regarding taxes, corporate income tax will be reduced on dividends paid regularly to legal entities and the tax environment of shipping companies will be improved.

As important measures for responding to challenges, **financial measures must be supplemented to make company processes more effective and support their ambitions for growth**, high-quality counselling services and training for setting targets must be provided, **the impacts of entrepreneurial subsidies** must be **regularly assessed** and **entrepreneurial subsidies must be consolidated**.

In April 2018, proposals of the entrepreneurship and innovation spending review will be completed to reduce state interference and make the impact of support measures and activities more efficient to achieve a greater positive impact on economic growth, productivity, and international competitiveness. Measures aimed at **supporting export and developing cooperation** to offer state support for entrepreneurs heading to international markets will be continued. The Green Paper on Estonia's industrial policies and the ICT sector development programme will facilitate digital revolution in the industrial sector.

7. Creating an appropriate environment to attract more direct foreign investments into sectors with greater export potential and added value

Continuing to ensure the growth of foreign investments into Estonia and developing Estonian export depends on ensuring the **availability of a qualified workforce**. There is a lack of both skilled workers – needed by domestic and foreign-owned companies – and people who would be capable of ensuring that entrepreneurs are successful on export markets.

To draw investors, investors must be **offered attractive benefits that would be competitive in an international comparison**. Work is undertaken to provide more competitive energy prices to large consumers. A programme enabling more affordable options for joining **infrastructure networks** has been launched and the terms for providing energy price subsidies to large consumers are being developed. Furthermore, opportunities have been created for granting a temporary residence permit to large investors and settling in Estonia has been made easier for the family of large investors. **Estonia's general reputation and the social environment** should also gradually become **success factors** in attracting new foreign investments. Foreign investments with a high added value take on a **key importance in the shaping of supply chains** and can thereby open **new export opportunities for Estonian entrepreneurs**. Such foreign investments also promote the **transfer of knowledge, skills,**

research, and development. Intensive investments contribute to improving competences in the field in the broader sense.

There are differing arguments that are important for different investors in making an investment decision. Estonia is actively competing with other countries to attract foreign investments **by positioning** itself as a destination country for **foreign investments that create higher added value and promote supply chains**. To retain and develop Estonia's competitiveness in attracting foreign investments, it will be important to implement a strategy for the development of a **comprehensive investment environment** that makes Estonia stand out in a positive sense. It is important to improve the **export of financial services and involved support services** to strengthen the Estonian financial sector, which also adds to attractiveness of the investment environment.

In order to attract foreign investments that create high added value, **science and knowledge-based entrepreneurship** should become an integral part of the Estonian brand, especially in reshaping Estonian reputation and increasing its visibility abroad.

Measures for creating value propositions for large investors and supporting major investors that stimulate supply chains must be continued, and the **capability of county development centres and local governments** to deal with regional investor service must be raised, **English-language information materials** must be created **for promoting the hiring of a workforce** and the use of **www.eesti.ee as a single contact point must be simplified**. It is necessary to make regulations on granting residence permits to large investors more attractive. It is also important to **implement an action plan for the inclusion of foreign professionals** and to **improve the availability of foreign-language education** in Estonia as well as to promote Estonia in target countries.

8. Creating preconditions for increasing the volumes of research and development in the private sector and raising the number and quality of innovation outputs

R&D investments by Estonian companies are rather modest. Estonia must step up its efforts to fulfil the objective set for 2020 to increase public R&D spending and create incentive mechanisms to increase private R&D investments. It is the task of the public sector to create a supportive environment with a sufficient number of highly qualified people and international contacts, an attractive working environment and a high level of higher education and research. The **primary challenge** that lies ahead is to **increase the innovation capability of companies**. To do so, research, development and innovation of companies operating in Estonia and cooperation between universities, research institutions, and companies must be promoted. Attention must also be devoted to bringing **knowledge and development- intensive foreign investments** to Estonia. It is important to provide **systematic support both for young, innovative enterprises** and R&D activities in established enterprises.

We need a critical mass of vital development both in R&D and innovation "production" as well as for ensuring financial mechanisms to support young and innovative enterprises. **Increasing demand for R&D&I outputs** has a key importance, but this cannot take place by solely implementing one or two measures, it requires a full solution that would take into account the processes of the field from start to finish, in other words, from studies and experiments all the way up to the marketing of a finished solution. Efforts to create synergy, and a **mobility of knowledge and skills should be supported and the attractiveness of Estonia as a place to**

live should be improved. It is necessary to **support and ensure the access of Estonian companies to the global venture capital market.**

Public sector R&D capability, including the placement of our universities in international ranking lists, as well as the efficiency and effectiveness of R&D, play a key role in the research and development capabilities of companies and state or regional competitiveness indicators. Furthermore, public sector R&D activity creates the necessary human resources for enterprise and provides access to modern infrastructure. The academic activity is a key connecting link between domestic and international networking of people and knowledge, which is one source for raising the innovation capacity of companies and attaining higher value added. In the future, R&D&I will increasingly depend on developments in the EU and on Estonia's **capacity to contribute to the international cooperation, including in the participation of EU initiatives and programmes within the framework of the European research area.**

Economic growth, employment, and social well-being increasingly depend on the interaction and substantial cooperation between higher educational institutions, science communities, and businesses. The innovation system must be treated as an entirety composed of various parts, which depend on the interaction of different components (*holistic model of innovation*). In the previous financing period, greater focus was placed on the development of individual components of the innovation system (developing the physical infrastructure of R&D and higher education (buildings and equipment); developing the human resources and support structures of R&D and higher education; internationalisation, including connecting to international infrastructures). While these efforts were successful, the expected visibility and socioeconomic impact were not achieved. The objective of this period is to use the potential created earlier efficiently for the benefit of Estonia's development and economic growth; the main challenge is to ensure efficient implementation of a comprehensive innovation system.

The main objective of the third Estonian Research and Development and Innovation Strategy 2014–2020 “Knowledge-based Estonia”, which has been approved by the Riigikogu, is to create favourable conditions for increasing productivity and improving living standards, for good education and culture, and for ensuring the development and continuity of Estonia. The strategy is in line with the priorities of both the EU 2020 reform plan and the European Research Area.

In seeking to decrease the innovation gap between leading and developing economies, Estonia will take the necessary measures to become a part of the European Research Area – a research area open to the world, in which researchers, scientific knowledge, and technology circulate freely and through which the Union and its Member States will strengthen their scientific and technological bases as well as their competitiveness and their capacity to collectively address grand challenges. As a member of the European Research Area, Estonia will contribute to its development by strengthening its national research and innovation system. The EU research ministers have agreed that member states should develop national action plans to achieve the objectives of the European Research Area. The Estonian action plan is integrated into, and approved together, with the R&D&I implementation plan⁴. Besides the development of the research and innovation system, Estonia participates in transnational cooperation, including under the Baltic Sea Strategy; the legal framework will be updated to ensure an open labour market and remove barriers to the mobility, training and career opportunities of researchers as well as to ensure access and technology transfer required for the implementation of research knowledge.

⁴ https://www.hm.ee/sites/default/files/2._tai_rakendusplaan_tekstetpdf.pdf

In order for Estonia not to fall from its international R&D position (incl. the European Research Area), it is necessary to ensure the balanced development of the R&D&I system. To increase the capacity of the R&D system, the research system reform must be continued. This means a considered and effective use of structural funds and state-budget resources in financing R&D investments and the implementation of an effective strategy for continuing actions before the period for using the structural resources expires. The funding of research is based on the objective to achieve a 50/50 balance between core funding and project-based funding. The significant additional funding for research in the 2018 state budget also serves this purpose. The consolidation of the network of research institutions, universities, and higher education institutions continues.

Measures diagnosing the needs of companies are also implemented. These measures would enable identifying the possibilities in improving the competitiveness of companies in the best manner. **If necessary, public procurement regulations should be transformed** into an engine of development in fields important to the state (innovation, sustainability, design, creative industries and space technologies as well as the added value of local resources). The needs for financing the support structures and reasonable organisation of business must be analysed, the **R&D performance assessment methodology** must be developed, including valuing researcher's careers in the private sector, and measures promoting **use of R&D infrastructure** aimed at entrepreneurs, and **strengthening the cooperation between research and companies** must be created. Enterprises with growth ambitions also benefit from the Enterprise Development Programme, which provides comprehensive support to companies based on diagnostic results. Regarding new initiatives, the plans include accession to CERN, through which Estonian companies could offer their research-intensive products and services to major international projects. The plans also include developing a measure for companies' product and technology development called "My First Product", which primarily addresses the development of own products by current subcontractors. It is planned to gather information more systematically from business associations about the needs of sectoral R&D and use it in the financing of sectoral R&D.

9. Broader use of the potential of creative industries, ICT and other key technologies to increase the added value of other sectors

For greater use of the potential of the creative industries, ICT, and key technologies in future, it will be necessary to **promote activities that integrate the fields of training and internationalisation as well as in policy-making and financing**. To create additional value added from synergy between fields, attention should be devoted to **increasing the capability of human capital** in the broadest sense. Creating successful cooperation platforms requires the **existence of a favourable environment** and people that are able to take into consideration sectoral particularities. The use of ICT and other key technologies and creative industry as horizontal fields for **improving processes in other fields** or for creating new initiatives will require cross-domain implementation policies and support to advance to a new level.

Of all measures, the development of the support structures of the creative industry must continue, and we also need to develop a **measure to improve the export ability** of entrepreneurs in creative industries, promote cooperation between creative industries and other sectors, implement measures for **promoting strategic cooperation between entrepreneurs, creative personnel and people from ICT and other fields** and carry out activities for **improving the awareness, skills and knowledge of creative industry**. We need to develop

sub-strategies for greater integration of focus between these fields and ICT, and a **measure for developing the service sector's enterprises**, including developing the export potential of health services.

10. Developing human resources engaged in research and ensuring a future supply of engineers and top-level specialists

The new generation of researchers and top-level specialists depends largely on the quality of PhD studies and the number of those who have entered and successfully completed PhD studies. While the organisation of PhD studies has been changed almost on an annual basis, the low efficiency and low number of people who complete their studies (compared with the target numbers agreed upon with the universities) continues to be a problem. The main reasons are, on the one hand, the insufficient income of doctoral students – the doctoral allowance is significantly lower than national average wages or the income earned by a holder of a Master's degree, and universities have limited opportunities to involve doctoral students in research as junior researchers while offering them remuneration meeting their expectations. On the other hand, the quality and relevance of doctoral studies considering societal needs are also a major problem.

An important milestone in the process of creating career path for young researchers was a law amendment which created opportunities to hire doctoral students as junior researchers. As a result, they are provided with the same social guarantees as employees with regular employment contract. The aim is to make doctoral studies more attractive and to create opportunities for recognising doctoral students as young researchers rather than just students, as well as to make it easier for them to dedicate themselves fully to research activities. Targeted support from the state budget has ensured junior researcher placements only for single doctoral students and the support schema has not taken off as expected. While the rates of doctoral allowance do not meet expectations and thereby discourages full dedication to doctoral studies, the state ensures, as of 1 September 2015, **stronger social guarantees**, namely contribution to a mandatory funded pension for allowance recipients and the allowance is taken into account when calculating parental benefits. The amount of doctoral allowance (422 euros so far) increased to 660 euros as of 1 January 2018.

In addition to increasing the income of doctoral students, **additional measures should be implemented to improve the quality of PhD studies (including through internationalisation) to make the selection of PhD students and supervisors more efficient and to ensure the successful completion of studies.** To facilitate a faster graduation for PhD students, it is necessary to continue to support the activities of doctoral schools and centres of excellence in research and international and cross-sectoral cooperation between doctoral students.

The system for the supervision of research papers in universities must be further developed and the number of capable supervisors must be increased. One potential seedbed of supervisors could be study groups created in Estonia with the participation of international faculty members and researchers to pool the existing competencies. Highly qualified **foreign faculty members and researchers** are often discouraged from settling in Estonia both by the salaries, which are not internationally competitive, and other rules restricting the circle of applicants. Unjustified language requirements and other restrictions on carrying out internationally open competitions for filling the posts of research staff should be avoided. Work must continue to create a supportive living environment to facilitate the moving of foreign professionals to Estonia

(international education and other services for families, continued provision of the adaptation programme, faster visa and residence permit application processes).

It is important to **promote the mobility of teachers in various forms**. More value should be placed on effective supervision, where the supervisor would support the graduation of PhD students and be motivated for performing high-quality supervision work through recognition and career. The business sector should contribute more to PhD studies, including supervisions and the development of business studies. Cooperation between the academic and business sectors should be promoted to improve the doctoral students', researchers' and academic staff's skills of combining research and economic activities, thereby improving the competitiveness of the business sector and promoting innovation. Another objective is a broader use of doctorate holders in the public and private sectors.

11. Bringing transportation, ICT and other public infrastructure, living environment and institutions that support business to an international level

Due to Estonia's location and settlement patterns, it is very important to living and business environments that there are **connection opportunities, both cross-border and domestically, on a competitive level**. In developing local industry and services, the availability of public services in the case of well-functioning transport and information exchange infrastructure should not depend on the particularities of the location. It is important for sectors exporting large-scale goods to ensure effective and competitive domestic carriage of goods by road following the example of the Nordic countries. Based on the movement patterns of the workforce, the **better interoperability of transport and connection points** requires special attention. It is necessary to harmonise travel schedules to ensure the ease of use of public transport, and to create the corresponding infrastructure that will allow passengers and goods to move from one type of transport to another and, in the long term, use integrated planning to enable **selection from among various types of transportation alternatives**.

In an international comparison, the level of transportation infrastructure has been relatively weak for Estonia, especially in regard to the level of cross-border connecting routes. This is due, above all, to the cost of the investments and economic unprofitability, stemming from a low population density and low number of potential users. For the same reason, the development of an ICT infrastructure at a contemporary level to cover the entire country will not be possible without state support. However, for Estonia, in terms of development for business, scientific, cultural or educational environments and internationalisations, these are key preconditions – and currently, limitations. Therefore, it is important to devote more **attention to international connections, especially direct flights and cross-border railways and roads**. In the interests of balanced regional development, it will be necessary to continue developing not only international highways, but also surfaces for state secondary roads, to lay preparations for **linking public transport systems** and to continue establishing **quality high-speed Internet** infrastructure; furthermore, in 2018–2019, the government will support establishing “last mile” connections to market failure areas with a new measure.

To do so, investments will continue in extending airport runways, improving the quality of equipment, updating road construction requirements, continuing cooperation with neighbouring countries to develop Rail Baltic – a new international railway connection –, and increasing the safety and convenience of the use of interconnection points for different transportation modes. The large-scale project to cover all of Estonia with broadband Internet access will also continue in cooperation with telecommunications operators.

Similarly to other countries in Europe and elsewhere across the world, Estonian towns and regions compete on the international arena for investments and talents. Winners are the cities, towns, and regions that offer **the best living environments** and thus **the best possible quality of life, and development and career opportunities**. The development of the Estonian business environment is supported by an **attractive and sought after** living environment. The aim should be that highly qualified local and foreign workforces prefer Estonia as a place to live and work; and that the living environment is such that the **local competent workforces want to stay, and foreign professionals want to move to Estonia**.

When creating new areas of business, aspects that (according to the principles highlighted in a report of the World Economic Forum⁵) enhance the competitiveness of cities include, among other things, urban density, the prevention of urban sprawl, **smart infrastructure**, and **convenient public transport**.

Therefore, any decisions concerning physical spaces should take into account **cross-sector and spatial effects on the spatial development of the built-up environment**. Spatial planning, architecture, and construction are intertwined when it comes to shaping a living environment. The planning and development of a competitive living environment should focus on the **quality enhancing diversity** of the space to be created (a built-up environment, including public space), on the opportunities it offers, and on the quality. A spatial development expert group is established to improve policy-making and cooperation in this field.

ENVIRONMENTALLY SUSTAINABLE ECONOMY AND ENERGY SECTOR

The field of the environmentally sustainable economy encompasses the development of the Estonian energy sector, energy efficiency in various sectors, and general resource efficiency objectives.

ESTONIA 2020 OBJECTIVES

The following objectives are set for 2020:

Level of greenhouse gas emissions compared to the 2005 level ⁶		
Initial level in 2005	Estonia's target for 2015	Estonia's target for 2020
6,286 thousand tonnes	6,346 thousand tonnes	6,024 thousand tonnes (+11% compared to 2005)

The estimated actual level of emissions – the actual point of departure for attaining the target – is 6,144 thousand tons (emissions of 2015)

Estonia's goals in reducing greenhouse gases (GHG) are based on the EU climate and energy policy. The EU has set a goal of reducing GHG emissions by 20% by 2020, compared with the emissions level of 1990. Emissions are reduced mainly by combining two mechanisms – the EU Emissions Trading Scheme (EU ETS) and national targets for sectors outside the trading

⁵ http://www3.weforum.org/docs/GAC/2014/WEF_GAC_CompetitivenessOfCities_Report_2014.pdf

⁶ The objective applies to sectors outside the EU emissions trading system (non-ETS sector).

⁷ Land use, change in land use and forestry.

⁹ <http://www.envir.ee/et/eesmargid-tegevused/kliima/kliimapoliitika-pohialused-aastani-2050-0>.

system. From 2013, emission allowances are allocated to EU ETS installations through auctions and partly on the basis of a free, harmonised approach. The EU has also set the goal of reducing emissions by 21% compared to the 2005 emissions level by the year 2020.

National commitments have been set for the non-ETS sector (buildings, transportation, agriculture, waste, etc.), except for the *LULUCF*⁷ sector and Estonia has committed to not increasing emissions more than by 11% by 2020 in comparison to the 2005 level and to observe the annual limits. So far, these limits have not been exceeded. According to the data of 2018 (emission inventories are based on two-year-old data), the emissions of greenhouse gases in the non-ETS sector were 6,178 thousand tonnes of CO₂ equivalent⁷. The Ambient Air Protection Act provides for a framework for trading emissions with other EU Member States according to the shared commitments until 2020.

Today's EU greenhouse gas emission reduction targets have been set compared to a country's emissions level of 2005. In a longer perspective, Estonia has significantly reduced GHG emissions compared with 1990 mainly due to the restructuring of the economy. While in 1990, the estimated GHG emissions were approximately 40 million tonnes carbon dioxide equivalent, the estimated GHG emissions in 2016 were 19 million tonnes (excluding the LULUCF sector), which means a decrease of about 52% compared to the baseline year.

General Principles of Climate Policy until 2050⁹, approved by the Riigikogu in 2017, sets a long-term goal to reduce GHG emissions by 80% by 2050, compared to the level of 1990, which means that GHG emissions should decrease to 9 million CO₂ equivalents by 2050. To achieve these targets, long-term cross-sectoral and sectoral policy guidelines have been developed in cooperation with the relevant stakeholders and authorities.

Increasing the share of renewable energy to 25% of final consumption of energy		
Initial level in 2009	Estonia's target for 2015	Estonia's target for 2020
19.5%	23.6%	25%

Estonia's goal is to increase renewable energy to 25% of the final consumption of energy by 2020, which will require changes in all sectors. Today, the Estonian energy sector is largely based on fossil fuels but the share of renewable energy sources has steadily increased in recent years. **In 2016, the share of renewable energy in final energy consumption was 28.8%**, which means that the achieved level needs to be maintained in order to meet the target set for 2020. With the National Energy Development Plan, the government has committed to achieve the share of renewable energy up to 50% of final energy consumption by 2030.

Support mechanisms for cogeneration plants that generate energy from renewable sources have significantly contributed to increasing the share of renewable energy. However, many boiler houses still use natural gas or heavy fuel oil. Cogeneration based on biofuels and wind energy has significant potential in the production of renewable energy. In the years to come, greater focus must be placed on increasing the use of renewable energy sources in the transport sector.

Maintaining the level of final energy consumption at the 2010 level		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
2,818 ktoe	2,986 ktoe	2,818 ktoe

In compiling the long-term forecast for energy use, Estonia proceeds from the change in the GDP and sector-based developments, as a result of which it is presumed that final consumption in 2020 will be approximately 3,248 ktoe. In this context, Estonia has set the target of maintaining the level of final energy consumption at the level of 2010 (approximately 2,866 ktoe), which is approximately an 11% reduction in the final energy consumption compared to the level projected for 2020. In 2016, final energy consumption was 2,906 ktoe, which is 3% higher than the target for 2020. With the National Development Plan of the Energy Sector until 2030, Estonia is committed to achieve that final energy consumption does not exceed 2.75 mtoe per year by 2030.

Maintaining the final consumption level at the 2010 level means that energy efficiency must be increased in nearly all sectors, particularly in the household, industrial, transportation and public sectors. Investments into making buildings more energy efficient must continue, while the public sector must lead the way in maintaining and constructing buildings. The industrial sector can save energy by introducing new technologies. The consumption of energy by the transportation sector can be reduced by decreasing the need for transport, increasing the use of public transport and making vehicles more ecological. It is also important to increase general awareness and thereby change the behaviour of consumers.

PRIORITIES OF GOVERNMENT POLICY

12. Implementing long-term structural changes in the energy sector in accordance with Estonia's energy security and energy efficiency objectives

A factor that is increasingly starting to impact the state's competitiveness is the existence of an environmentally sustainable and efficient energy sector. To keep in step with the international climate policy and reduce the energy intensity of the economy, it is important to ensure the functioning of the EU internal energy market and **take into account the developments of recent years when implementing the National Development Plan of the Energy Sector**. The greatest challenges lie in the electricity sector, where about 80% of electrical energy is generated from oil shale. A major key phrase in the decade ahead is the **diversification of energy sources**. This covers both the **expanding co-generation of electricity and heat and increasing the share of wind energy and biomass energy**. Estonian renewable energy companies should have possibilities to participate in cooperation mechanisms set up under the Renewable Energy Directive.

From the standpoint of diversifying energy sources and energy security, it will be important to **establish sufficient energy connections** in the region. The Estonia-Latvia energy link, BalticConnector, and the synchronising of the electricity network of the Baltic States with Europe are listed among the projects of European common interest that have been approved by the Commission. Cooperation between Estonia and Finland in implementing the BalticConnector project continues. The European Commission has decided to support the project at the maximum level, of 75% (with a total of €187.5 million). A total of 65% of the cost of the energy connection between Estonia and Latvia is funded by the European Commission. Preparations in cooperation with the neighbouring countries for the synchronisation of the Estonian electricity network with the European frequency band by 2025 are ongoing. Both connections are expected to be established by 2020. The electricity producers in Estonia and other EU member states must be provided with equal competition conditions in relation to producers in non-EEA countries.

As of January 2013, Estonia's electricity market is open in full for all electricity consumers. In order to open the gas market, the gas distribution network was separated in terms of ownership. The challenge in developing the gas market covering Finland and the Baltic States lies in creating a common market area operating under the same rules by 2020.

13. Reducing the general resource and energy intensity of the economy

A factor that is impacting the state's competitiveness to an increasing extent is the economy's energy intensity and the ability of various sectors to achieve energy savings through the adoption of new technologies and solutions. Reducing economies' resource and energy intensity also helps to fulfil the commitments for climate change mitigations as agreed in Paris climate agreement.

ENERGY CONSERVATION

Energy efficiency is being promoted in Estonia in nearly every field, but the emphasis and nature of the measures within each have been very different. The energy efficiency policy has been very strongly targeted at households through various **measures that increase energy efficiency of buildings**. Investments have been made into energy efficiency in public buildings of state and local government. **In the heating sector** investments into the development or renovation of district heating systems or local heating systems should be supported where it proves to be the most sustainable solution for the region and ensures compliance with environmental standards. The primary instrument for influencing energy use in the transportation sector has been excise duties, and the fuel excise has been raised on ten occasions in the last 15 years. In the transportation sector, projects aimed at improving energy efficiency have been implemented under the green investment scheme supporting the promotion of green transport. The government has decided to foster the use of cars with lower fuel consumption and environmental impact. As clean vehicles consume less fuel, the measures designed to reduce pressures on the environment from vehicles also contribute towards energy savings targets.

Today's level of final consumption of energy in all sectors and the forecast for the next ten years shows that the greatest growth as well as **need for sectoral measures for saving electricity, motor fuels and other fuels will be in the households', industrial and transport sectors**. Investments into the **energy efficiency of apartment buildings** must be continued and opportunities to expand state measures for promoting **energy efficiency of private houses** must be found. In industry, there is currently the potential for an estimated 30% heat and 10% electricity conservation, and attaining this will require adoption of new technology and an increase in awareness. The consumption of energy by the transport sector should be managed through three lines of activity – **decreasing the need for transport**, including making freight transport more efficient and environmentally sustainable and considering sustainable commuting principles in the planning process; **increasing the use of public transport and making vehicles more ecological**. **Public sector energy use** must be treated separately insofar as the behaviour of the public sector must serve as a role model for other sectors. Increasing the capability for managing electricity consumption through the development of an intelligent power grid in Estonia will also contribute horizontally to energy conservation in all sectors. **The introduction of a smart grid** will help to reduce energy losses on transfer, optimise energy production, develop dispersed energy production, and connect more sources of renewable

energy to the grid. The improved functionality of the grid enables the development of new innovative services for all consumers of energy.

RESOURCE EFFICIENCY

To achieve sustainable growth, we must continue to develop an economy that has lower carbon emissions, is more resource efficient, greener, and more competitive. To ensure sustainable growth, it is essential to promote a **circular economy** that keeps raw material in circulation for as long as possible; the life of products is as long as possible and generates as little as possible waste.

In the context of climate policy, focus must be on **the development of energy and resource efficiency in sectors outside the ETS**. The measure designed to inform industries about the potential for energy savings and resource efficiency as well as to analyse resource use and facilitate relevant investments has been launched. The goal of these investments is reducing the resources used per unit of production and increasing resource productivity in Estonia. Promoting R&D and introducing new solutions aimed at increasing resource efficiency will help to increase the international competitiveness of the economy. In 2016 and 2017, series of briefings on general principles and specific subjects (e.g. waste, energy) have been carried out, furthermore visual materials and messages have been created. Personal consultations in companies were started. Twenty-four resource management specialists have been trained and currently, the second training cycle is ongoing. Twenty-six audits have been completed and six applications for investment have been satisfied.

In addition, the Environmental Programme of the Environmental Investment Centre provided additional resources for raising eco-innovation awareness. As part of the programme, a portal will be founded, content marketing in communication and media portals will be ordered, and video clips and virtual courses will be created. In 2017, the hackathon “Circular Economy 2017”, which introduced and reflected on the principles of circular economy, was organised.

The Estonian Government has carried out a so-called ecological tax reform, the goal of which is to **increase environmental taxes and reduce labour taxes**. This should be continued in the future, taking into account the options of different sectors to adapt to the needs of green economy. To develop a new concept of environmental charges, by the fall of 2019, an analysis of the external cost of the use of the environment in Estonia will be completed. Based on the survey on optimal remuneration of the oil shale sector completed at the end of 2016, a model for the remuneration for oil shale resources will be developed, taking into account the value created by resources and the factors influencing it to achieve the positive impact of enhancing the value of Estonian oil shale resources on the Estonian economy during the period 2018–2050. **Supervision over environmental charges and the efficiency of using tax revenue** is also a matter of concern. In the matter of the competitiveness of business environment, it must be ensured that companies have the information about resources and environmental charges in sufficient time and the charges do not affect their international competitiveness.

Estonia has established an infrastructure for collecting waste and the reuse, including recycling, of waste is increasing. However, the existing waste management infrastructure needs improvement in terms of the capacity to manage certain types of waste and new solutions to contribute to the achievement of the recycling targets set for 2020. Therefore, we will continue supporting measures that promote preparing waste for reuse and recycling of waste. Preventing waste generation, preparing waste for reuse and recycling of waste continue to be the priorities

of the new National Waste Management Plan 2014–2020. Besides landfill reduction and promoting recycling, more attention should be paid to the **prevention and reduction of waste generation**. Given the high proportion of waste generated by the oil shale industry, such as mine waste and oil shale ash, in overall waste generation, it is necessary to find different **ways to reuse** and increase the **reuse** of such waste (e.g., more extensive use of crushed stone produced from mine waste).

Estonian natural conditions favour an efficient use of agricultural and forestry land that creates preconditions for using renewable resources for energy production as well as the food and wood industries. The growth potential of forests must be sustained and the use of wood as a renewable resource within the limits of sustainable volumes must be simplified – to promote the regeneration cutting in commercial forest lands and the subsequent regeneration and growing of forests. The natural values of forests are protected; and the volume and protection measures are updated continuously according to their condition.

R&D in the field should look for solutions for effective management of renewable resources and **enhancement of the value of the existing biomass** in Estonia, i.e., to use it to produce products with as high a value as possible. One of the outputs of bio-economy is **reduced environmental impact of transportation sector**, for example through more **extensive use** of biogas in the transport sector to reduce the proportion of fossil fuels. For optimal resource use and decreased environmental impact, it is important to create and implement measures for developing more **environmentally friendly public transport, carriage of goods, traffic flows**, and green corridors in cities.

A life cycle based approach should be promoted in the building sector. This means the energy efficient construction and renovation of buildings, the use of renewable and energy efficient materials and promoting the recycling and preparation for reuse of demolition waste. The demolition of buildings that are no longer used and spoil the landscape (agricultural, industrial and military structures) and the management of demolition waste, including promoting recycling and reuse and regeneration of the land should be continued.

The competitiveness of industries depends on efficient and secure access to and the security of supply of raw materials⁸. In order to investigate and use the earth's crust and its natural resources while maximising the value to Estonian society and by taking into account environmental, social, economic, geological, and security aspects of Estonian society, a development document "Fundamentals of the earth's crust policy until 2050" was adopted. In terms of the effective and efficient use of natural resources, the Geological Survey of Estonia, responsible for conducting geological surveys and developing the relevant competences, was established.

In order to ensure the long-term supply of ecosystem services and facilitate the development of new business opportunities, in particular in rural areas, the economic benefits from ecosystem services need to be valued. The preservation of a clean natural and living environment is becoming an important asset for Estonia. The efficient use of resources, and environmentally friendly businesses are becoming a competitive advantage in the context of global environmental degradation. Biodiversity as a natural capital provides the ecosystem services required for economic activity (e.g. pollination and water treatment) and the degradation of ecosystem services jeopardises the provision of these services. In order to preserve and restore

⁸ COM(2011) 25

ecosystems, we need to support investments aimed at the preservation and restoration of protected species and habitats. It is also important to **develop a methodology for mapping and evaluating ecosystem services** in order to create business opportunities that take into account their economic value.

SUSTAINABLE AND ADAPTIVE PUBLIC SECTOR

This field – a sustainable and adaptive public sector – encompasses government activities aimed at increasing macroeconomic stability and creating a general favourable economic environment; this means primarily tax and budgetary policy as well as activities related to developing the government sector itself.

ESTONIA 2020 OBJECTIVES

Structural surplus of the government budget		
Initial level in 2010	Estonia's target for 2015	Estonia's target for 2020
0.1%	0.2%	–0.3% (in accordance with the State Budget Act)

A sustainable fiscal policy is the goal of the Government. The volume of the state budget has been quite stable in recent years. The surplus that has been in place since 2002 (1.5–2.5% of GDP) was replaced by couple of per cents of deficit during the economic crisis in 2008 and 2009. The Estonian government sector budget had a nominal surplus in 2010 and 2011; in 2012 and 2013, there was a small deficit; and in 2014 and 2015, there was a surplus of about 0.5%; the budgetary position has incorporated a structural surplus since 2009. Amendments to the State Budget Act provide an opportunity to use the structural surplus of previous years up to 0.5% of GDP. In 2017, the structural surplus was 0.25%.

PRIORITIES OF GOVERNMENT POLICY

14. Reaching a government sector budget surplus by 2014 and maintaining that position in the long-term

The Government will continue to maintain a countercyclical, or neutral, fiscal policy; **the medium-term objective (MTO) is to ensure that the structural deficit remains below 0.5% of GDP.** This objective is in line with the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union and the proposed amendments to the basic State Budget Act. Member States set the medium-term objective (MTO) themselves for at least three years and commit to achieving this objective, or at least working towards it, by improving their structural balance by the benchmark of 0.5% of GDP per year. The need to adjust the MTO arises from the proposed amendments to the basic State Budget Act, which will enable the drawing up of a state budget with a structural deficit of up to 0.5% of GDP, but only if there is a cumulative surplus from previous years. For example, if the period 2014–2020, the state budget was balanced in structural terms and, considering that the Act does not allow a budget deficit if there is no cumulated surplus, the average budgetary position will continue to be cumulatively balanced in structural terms after 2020 as well. Planning a budgetary position based on the structural position enables the stimulation of the economy at a time of low growth (a nominal budget can run a deficit).

In 2009–2011, the Government budget was in surplus in structural terms. In 2012–2013, there was a structural deficit due to a nominal deficit, amplified by a GDP higher than what can be supported by existing labour and capital resources (output cap). In 2014–2016, a nominal surplus led to structural surplus. The structural surplus is estimated to also continue in 2017. Structural deficits of 0.5% and 0.3% are planned for the two following years and for 2020,

respectively, in order to compensate for the structural surplus of the three previous years. A deficit will allow for the increasing of investments by a total of €315 million over three years.

If the objectives are achieved, the nominal government surplus is expected to be 0.2% in 2020. **Positive supplementary budgets will be avoided in the middle of a financial year; potential revenue over-performance is transferred to reserves.**

15. Improving the sustainability of social expenditure in the public sector in the face of a decreasing working-age population and ageing population, ensuring effective health care and well-oriented and effective social policy (including the necessary support services)

In Estonia as in other developed countries, one challenge is **ensuring long-term financial capability for public social spending**. This is complicated by demographic changes, i.e., the decrease in the working-age population and the increase in the number of pension-age people.

In order to develop the continuous financing of the social insurance system, relevant decisions have been adopted concerning the long-term development of the pension system. The changes include an increase in the retirement age, changes in the formula for calculating pensions, and in the pension index. Special pensions will be abolished subject to a long transition period. The changes will ensure the financial sustainability of the pension system and long-term solidarity. The government is planning a reform of pensions with benefits, and superannuated pensions. There will be further analysis on how to develop possible changes in health insurance, pension insurance, and unemployment insurance, including in the context of implementing a new scheme for the capacity for work. Healthy life expectancies and longer participation in the labour market (and healthy lifestyles) have a positive impact on the social insurance system. Therefore, continuous financing must also be ensured in the future by **strengthening the principles of the functioning health insurance system**.

By implementing the principles of the **deinstitutionalisation of social services** (starting from special welfare services) we are aiming to develop services supporting independent life at home and to prevent the need to provide institutional services. The reorganisation of large special welfare institutions into smaller units together with the provision of support services, the development of community-based services, and flexible and innovative solutions help to flexibly respond to people's needs, as well as minimise and alleviate problems and prevent increasing costs in the future.

Considering the decline in the working age population, the challenge lies in facilitating participation in the labour market by people in the prime working age, and also support them in having children. To this end, the aim is to change the system of parental leave and benefits so that parents can flexibly reconcile work and family life, and, on the other hand, encourage a more even distribution of the burden of care between parents. The possibility of taking up to 19 months of parental benefit until the child reaches the age of three years allows parents to delay the receipt of parental benefit so that they can work part-time, if necessary. Furthermore, working while receiving parental benefits has been made more flexible. Therefore, as of 1 March 2018, a person can earn income from work in an amount up to half of the upper limit of parental benefit without reduced parental benefits. More flexible ways to take parental leave and use benefits, as well as the introduction of individual rights for fathers or the so-called daddy month, will contribute to a more even distribution of the burden of care.

In order for a parent with a young child to participate in the labour market, they need a childcare facility based on the needs of the family and child. With the support of the European Social Fund, new childcare facilities have been created across Estonia and will also be created in the future (2015–2020). In addition to the usual types of childcare facilities, the establishment of more flexible child care facilities is also supported; these facilities would also be suitable for parents working at nonstandard working hours. Employers will also be able to provide childcare for the children of their employees. It is also possible to create childcare facilities or kindergartens suitable for children with special needs. In addition to childcare, the culture of family-friendly workplaces is facilitated and developed so that employers could also create family and employee-friendly conditions for employees at work.

16. Continuing a budgetary policy that supports competitiveness (high level of productive expenses, increased flexibility, controlling public sector wage costs, planning the local government revenue base in state budget strategy)

Compared to other European Union countries, the **share of productive expenditures (investments, education costs, R&D costs, etc.) is high** in Estonia. This should be maintained and if necessary increased in government sector budgets as these expenditures create a new foundation for economic growth and greater tax revenue. In compiling the budget, ratios of productive expenses are monitored, such as the percentage of investments or education expenditures, and the establishing of ceilings on operating expenses will be considered. These objectives were considered in the negotiations for the EU financial framework (2014-2020), taking thereby into account a more flexible mutual connection between measures, the impact of **EU co-financing on fixed costs**, and in preparation for exiting the support system.

A lower percentage of fixed expenses and revenue-dependent expenses in the government sector budget allow for a more flexible response to changes in the economy and society, and also make it possible to ensure the needs-based financing of sectoral policies. For example, fuel excise tax was separated from road maintenance costs in order to increase the flexibility of the budget.

In the medium-long term, Estonia's competitiveness will benefit if the **growth of the public sector's wage and salary expenses are in proportion to the growth in productivity**. If salaries grow faster than productivity, the competitiveness of enterprises will be weakened in the long term, and domestic inflation pressures will be increased, this will in turn mean greater pressure on government sector expenditures through transfers related to wages and salaries.

17. Continuing gradual reduction of taxes on labour and profits and an increase of taxes on consumption and environmental burdens

Greater taxation of wages and profit will limit economic growth more than the equivalent amount of taxation on consumption and environmental impacts. For this reason, we must continue a **shift in taxation from workforce (direct taxes) to taxation of consumption and resource use (indirect taxes)** at every level. Besides geographic location and the reputation of the state, taxation is one of the most important factors to help draw direct foreign investment into the country. Favourable taxes are the linchpin for positive investment decisions in cases where other prerequisites (basic infrastructure, education, security) are present to a degree that is comparable with other countries.

Efforts must be continued to harmonize **indirect taxes that have a significant impact on the functioning of the EU internal market and to abolish exceptions in the EU**. Direct taxes and tax systems (rates) reflect every country's specific and unique social and political choices, and thus the principle of freedom of choice of Member States must remain in place in this regard.

Estonia must become the 28th tax system to support the uniform consolidated income tax base on the condition that it will simplify the functioning of the entrepreneurial environment and that it is possible to maintain the current Estonian corporate income tax principles. Simplicity, transparency and low administrative costs are of key importance for Estonia in maintaining and increasing the competitiveness of the entrepreneurial environment. To identify and deal with potential shortcomings, the international competitiveness of the Estonian tax system needs to be analysed considering its impact on different sectors.

18. Adapting the government sector to changes in the external and internal environment

In the context of an ageing and declining population, the government sector must be sufficiently flexible and adaptive to change.

It is important for the number of government sector employees to be in line with the changes in working-age population. At the same time, public authorities need to successfully address the long-term tasks ahead for Estonia, and the growing expectations of citizens. In order to support the reorganisation, the provision of public services need to be improved, including the simplification of bureaucratic process and the reduction of excessive administration and duplication between authorities. An internal reorganisation of the public sector, and more efficient services and e-solutions ensure the availability of high quality services that meet the needs of users across Estonia. Following the administrative reform, it is important to improve the quality and availability of services in the united municipalities.

In order for the government to be more agile in problem solving, and setting new focuses, **public management will be made more flexible**. Transparent governance increases trust and the quality of decisions; therefore, it is important to continue strengthening the transparency of policy-making and the practice of conducting regulatory impact analyses on the effects of policy initiatives. To ensure legal clarity, and reduce over-regulation, law-making should be based on the principle of ultima ratio, considering for each initiative, the need for creating additional regulations or amendments to the existing ones as well as the possibility of creating concurrent burden on related parties. Efforts need to be continued towards setting the reduction of red tape a permanent objective.

Data exchange and the service delivery should be simple, clear, and convenient in modern standards; this reduces the burden on data providers and supports the increase of efficiency in the internal workings of the state. Work needs to continue on enhancing digital information exchange and administration and to implement the principle of 'once only' to develop cooperation between various data collectors and data exchange between information systems in order to improve the quality of data and the interaction speed as well as reduce the unnecessary burden on entrepreneurs and the state, including cross-border.

Action plan of Estonia 2020 for 2018–2020

Adopted by the Government of the Republic of Estonia on 26 April 2018

Action plan for, and implementation time of each measure by challenge (new and amended measures are highlighted in blue)

Challenge/Measure	2014	2015	2016	2017	2018	2019	2020	Authority responsible for the measure	CSR	Summary of the implementation of the measures
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EDUCATED PEOPLE AND COHESIVE SOCIETY

1. Improving the quality of the educational system and adapting it to demographic changes										
I. Ensuring high-quality education at all education levels										
a.	Development and implementation of measures to motivate local authorities to increase the salaries of kindergarten teachers to the minimum level of school teachers				x	x	x	x	Ministry of Education and Research	Continued activity in accordance with the basic principles of the coalition.
b.	Increasing the average pay for teachers to a level that makes a teachers' job a desirable career choice	x	x	x	x	x	x	x	Ministry of Education and Research	Continued activity in accordance with the basic principles of the coalition to raise the wages of teachers to 120% of the average wages in Estonia.
c.	Payment of beginners' allowance to teachers and support specialists who assume their position for the first time	x	x	x	x	x	x	x	Ministry of Education and Research	In 2017, 40 teachers received the beginner's allowance. In 2018, support specialists began to receive the beginner's allowance.
d.	Analysing the subject syllabi of lower and upper secondary school to improve learning and teaching		x	x	x	x			Ministry of Education and Research	Improving subject syllabi is continued, i.e. their better integration with the principles of the general parts of the national curricula and thereby the optimisation of study load.
e.	Developing educational centres of excellence at universities responsible for teacher training		x	x	x	x	x	x	Ministry of Education and Research	Continued activity. The universities responsible for teacher training have forwarded their projects of activities. Financing decisions were adopted in 2016; the activities were subject to interim assessment by foreign experts in autumn 2017.
f.	The development and implementation of a performance evaluation model for school principals	x	x	x	x	x	x	x	Ministry of Education and Research	Continued activity. In 2014, the working party developed the principles. Implementation requires amendment of the Basic Schools and Upper Secondary Schools Act, and the legislative intent has been submitted. Education manager's competence model has been updated and piloted and is in use.

g.	Implementation of the "Interesting school" initiative and gradual development of a broad-based and all-inclusive school reform movement which would include society's various interest groups		x	x	x	x	x	x	Ministry of Education and Research	Continued activity. The objective of the initiative is to motivate schools, parents, and the wider community to cooperate, make what is happening in the schools visible, and acknowledge persons who have already been successful in making the school interesting.
h.	Providing 30% extra pay to Estonian-medium teachers in Ida-Viru county	x	x	x	x	x	x	x	Ministry of Education and Research	Continued activity, completed for previous years.
i.	Increasing the quality of Estonian as a second language teachings in kindergartens through ensuring additional training for kindergarten teachers and the necessary study guides				x	x	x	x	Ministry of Education and Research	The area was analysed in 2017 and an action plan was prepared, including a procurement for acquisition of study materials. In 2018, the focus is on the transition from kindergarten to school and review of the relevant curricula to ensure a more seamless transition. Refresher training for teachers will also continue.
j.	Carrying out a pilot programme that will allow pedagogically grounded flexibility regarding carrying out language and curriculum studies in certain designated gymnasiums, along with a more intensive teaching of the Estonian languages so that gymnasium graduates will achieve C1 level proficiency in Estonian within six years				x	x	x	x	Ministry of Education and Research	A new activity based on the principles of the coalition. The programme runs from 2017 to 2023 and it will be carried out in three schools from the 7th grade. The programme will include all students of all participating schools studying in the 7th grade in the academic year of 2017/18.
k.	Providing additional Estonian language studies to students of vocational and higher education as well as educational employees whose mothertongue is not Estonian	x	x	x	x	x	x	x	Ministry of Education and Research	The activity will be continue.
l.	Implementing measures to improve the quality of Estonian language teaching in Russian-medium lower-secondary schools to ensure that those leaving school will have reached the 'independent user' level in Estonian	x	x	x	x	x	x	x	Ministry of Education and Research	The activity will be continued – schools are supported in implementing out-of-school activities (camps, student exchange etc.).
m.	Ensuring the provision of internationally recognised English medium level education by developing the European Schools in Estonia and promoting IB studies	x	x	x	x	x	x	x	Ministry of Education and Research	The activity will be continued. Education in compliance with the IB curriculum will be ensured in Tallinn and Tartu and education in compliance with the European School curriculum will be ensured at Tallinn European School.
n.	Integrated planning of post-lower secondary study slots in general and vocational education, based on regional forecasts and characteristics	x	x	x	x	x	x	x	Ministry of Education and Research	Continued activity. When planning the number of student places for state upper secondary schools in large cities and county centres, the number of students of general education and vocational education institutions as well as adult students will be taken into account.

	O	Reorganisation of the network of upper secondary schools and starting the investments' programme with a view to improving the quality of the entire school network	x	x	x	x	x	x	Ministry of Education and Research	Continued activity. Adjustment of the network of schools and establishment of state upper secondary schools are being carried out. In the academic year of 2017/2018, there were 12 state upper secondary schools. On 1 September 2018, state upper secondary schools will begin working in Viimsi, Rapla, and Paide. On 1 September 2019, a state upper secondary school will begin working in Kohtla-Järve. Preliminary agreements regarding the establishment of state upper secondary schools have been made with the cities of Rakvere, Narva, and Tallinn as well as with the rural municipalities of Saaremaa, Harku, Saue, and Rae. Twenty-two local municipalities that had organised their school network received support for basic schools from the first round of the measure "Organisation of the basic school network in 2014–2020". The investment programme of the second round of the measure will be approved this year. Measures to support schools for children with special needs and for inclusive education will be opened.
	P	Reviewing the proportions of funding provided to different types of education, with emphasis on effectiveness (incl. applying performance financing component in vocational education)	x	x	x	x	x	x	Ministry of Education and Research	In general education the financing model has been updated with emphasis on efficiency through the school network reform. The principles of the new financing model of vocational education have been developed, the implementation of the model and introduction of performance funding depends on the accessibility of additional funds. At higher education level, the new financing model that includes a performance funding component was introduced on 1 January 2017. The Ministry of Education and Research participated in the education system efficiency survey conducted by OECD; the survey resulted in policy suggestions by OECD and involved experts.
2. To align training and education with the needs of the modern labour market (including making better use of the potential of the EU internal market and other policies) and to increase the proportion of people with specialised education at the vocational or higher education levels										
I. Ensuring the availability of educated and skilled labour corresponding to the needs of the modern labour market										

a.	Developing a competence-based system of forecasting labour needs including the need for foreign labour (incl. review of OSKA methodology and a concept of methodology and implementation for the period 2020+)		x	x	x	x	x	x	Ministry of Education and Research	OSKA, the forecasting system for labour market need, was launched within the ESF programme “Development of a monitoring and forecasting system for labour market need”. An improved forecasting method, labour force, and skills needs surveys in eleven economic fields and an overview “Work and skills 2025” discussing future trends that influence the labour market were completed. In future, five economic sectors will be analysed in a year and by 2020, all economic sectors will have been analysed. In 2018, the CEDEFOP project “Governance of EU skills anticipation and matching systems: in-depth country reviews”, which will result in proposals for further development of the skills analysis and supply system, will be presented in the first half of 2019.
b.	Development of a professional qualification system to promote a bridging between the worlds of education and work	x	x	x	x	x	x	x	Ministry of Education and Research	Ongoing activity; important developments have occurred due to the amendment of the Professions Act and launch of the OSKA system.
c.	Promoting adult education with the aim of increasing the formal education participation of adults who have not completed secondary education, providing in-service training and increasing participation in lifelong learning		x	x	x	x	x	x	Ministry of Education and Research	Conditions for granting support were adopted on 8 June 2015. During 2016–2017, over 25,200 people have improved their skills at free refresher courses. Sixteen projects for the total sum of over 2.6 million euros were granted support from the ESF application round “Bringing adults of low education level to formal education acquired within the adult education system and supporting their participation in study”. Information dissemination activities were carried out, conditions conducive to learning and support services to aid staying studying and successful graduating were created. To develop the VÕTA system in the upper secondary schools for adults, trainings on the quality, assessment, and consultancy of the VÕTA system and several development seminars have been organised. To develop key competences, eight projects are being implemented in 2017 and a project approved in the first round will be launched in 2018. As the result of nine projects, training is offered to 5,387 participants. One of the projects is intended to develop digital competence and social skills of welfare and health care specialists; one project offers personal development courses for disabled people and one project is designed to organise language and personal development cafes in different regions to improve Estonian language skills of residents with different mother tongue than the Estonian language.

d.	Development of work-based learning in vocational education; additional apprenticeship opportunities are being created and traineeship systems for vocational and higher educational institutions are being developed			x	x	x	x	x	Ministry of Education and Research	Continued activity. Additional places will be created up to the year 2020 and the best cooperation models for Estonian companies and educational institutions will be developed. Within the framework of development of higher education traineeship system, finding traineeship places for foreign students is also supported.
e.	Establishing Estonian Language Houses in Tallinn and Narva to improve the opportunities of non-native speakers to learn Estonian					x	x	x	Ministry of Culture	Continued activity. An Estonian Language House is expected to be opened in Tallinn in November 2018 and in Narva in January 2019. Substantial activities will commence already in 2018. The activity of Estonian Language Houses will continue until 2020 and in following years.
f.	Analysis of support services required for specialists/families returning to Estonia					x			Ministry of Economic Affairs and Communications, Ministry of Education and Research	The analysis could discuss an overview of the current situation (what type of support and services are currently offered), proposals to improve the existing services and for adding new services and proposals for amendment of the system. At the state level, a round table bringing together all parties has been called to deal with this issue and an international education working party has begun its work at the Ministry of Education and Research.
II. Supporting the educational path and career choices of young people to increase students' awareness of the working world and reduce the number of school dropouts										
a.	The provision of services within the framework of youth guarantee measures for young people aged between 16 and 29 in order to provide working, education and training opportunities (the "First job" support scheme combined with training; measures to involve and activate youth not active in employment, education or training)	x	x	x	x	x	x	x	Ministry of Social Affairs, Ministry of Education and Research	Youth guarantee measures were developed and provision of services commenced in January 2015. NEET youth support measure was launched in 2015. Activities of the youth guarantee falling under the government of the Ministry of Education and Research: a) support services are offered within the programme "Noorte Tugila" designed for the NEET young people of 15–26 years of age, b) pupils of upper secondary schools can take up a traineeship in a local non-government organisation within the community practice programme, c) supporting implementation of ideas of young people that they have come up with on their own initiative, which enables young people to apply for support for a project/idea that they would like to implement at their home location, d) summer work programme that gives young people an opportunity to get their first work experience, learn about different jobs and employment legislation, e) the young people are introduced various positions in the metal and woodworking industry and the profession of a nurse and a bioanalyst within the activity of vocational laboratories.

b.	Ensuring career services for young people at lower and upper secondary levels as well as higher education levels	x	x	x	x	x		Ministry of Education and Research	The programme “Development of career services system” of the previous period was successfully completed in 2014 and a new education and career services programme was launched. In all counties, Rajaleidja centres were opened that offer integrated education and careers counselling services for children and young people, parents, employees of educational institutions and other specialists working with children. During 2014–2020, individual education counselling and career services will be offered to at least 174,930 children and young people. Careers counselling services for students over 26 years of age are guaranteed through the Estonian Unemployment Insurance Fund and the career centres of universities. Consolidation of these services under the Unemployment Insurance Fund from 2019 is being considered.
c.	Development and testing of the youth guarantee support system to identify young people who are inactive without a reason, including NEET youths, with the help of state registers and offering them help to continue their studies or to move into the labour market				x	x	x	Ministry of Social Affairs	The conditions for the support intended developing and testing of the youth guarantee support system have been prepared. Development of IT solutions and management organisation model has begun that will be tested in 2018-2019.
d.	Support for employers in providing short-term work opportunities for underage youth				x	x	x	Ministry of Social Affairs	The conditions for granting the support are being developed. This support can be applied for from the Estonian Unemployment Insurance Fund in 2018 and it is paid retrospectively, e.g. in 2018 for 2017.
e.	Analysis related to decreasing the number of young people with low education levels and prolonging the compulsory school attendance age				x	x		Ministry of Education and Research	A new activity in accordance with the principles of the coalition.
III. Developing entrepreneurship and other key competences									

a.	Implementation of a study concept developing entrepreneurialism and entrepreneurial studies at all education levels and across all educational fields; the creation of methodology and study materials needed to ensure all students have an opportunity to take entrepreneurial studies			x	x	x	x	x	Ministry of Education and Research	A model of entrepreneurship competences and modules for entrepreneurship training (15 of 16 modules) for all education levels and types have been developed, refresher trainings for teachers of business are conducted, instructing of student companies and preliminary incubation is supported, research is conducted and the public is informed about the need for entrepreneurship education. As at the end of 2017, 296 schools participated in the programme with the aim of implementing entrepreneurship education, including 47% of all general education schools, 85% of vocational schools and 90% of higher education institutions. 64% of the education institutions that participated in the programme have introduced the entrepreneurship education model (including 69% of the general education schools, 29% of vocational schools and 47% of higher education institutions that participated in the programme).
b.	More active involvement of entrepreneurs in the development of training objectives and definition of learning outcomes for different types of schools		x	x	x	x	x	x	Ministry of Education and Research	Involving entrepreneurs is an important aspect of the life-long education strategy (e.g. Objective 1 “Changed approach to education”, Objective 3 “Matching of life-long education opportunities and labour market needs”). Input is gained from OSKA reports and the impact analysis of the OSKA system to be conducted in 2018 that should provide us with an assessment of how successful are the entrepreneurs’ involvement mechanisms.
3. Increasing international competitiveness of higher education										
a.	4. Increasing the impact of active labour market policy and sustainability of financing		x	x	x	x	x	x	Ministry of Education and Research	Payment of scholarships for smart specialisation at the first and second level of higher education began in the middle of the academic year of 2015/2016. In 2017, the quota assigned to higher education institutions was adjusted to align it better with the exit strategy of the measure. Therefore, during the year, scholarships were given to 1,912 students. No problems are foreseen for the uptake of the measure activity. Doctoral grants were paid to 89 doctoral students in 2017.

b.	SF programme "Institutional development programme for research and development institutions and higher education institutions"		x	x	x	x	x	x	Ministry of Education and Research
c.	SF measure "Facilitating the internationalisation of research and higher education"		x	x	x	x	x	x	Ministry of Education and Research
4. Increasing the impact of active labour market policy and sustainability of financing									
I. Improving the quality and efficiency of the provision of labour market measures									

<p>The measures of the activity are divided into two parts: investments into buildings and substantial activities to develop the quality of education and research. The Government of the Republic approved the investment on 9 June 2016. Construction or renovation of seven research and education-related buildings is supported with 54.1 million euros. Construction of most of the objects has begun. Substantial activities use up 67.4 million euros. Substantial activities are deemed to be activities, such as structural reorganisation of universities, activities intended for improving the quality of education and research, improvement of quality of doctoral education, activities intended for increasing international competitiveness and strengthening cooperation between research and development institutions, higher education institutions and companies.</p>
<p>Internationalisation and mobility of higher education and successors support programme "Dora Pluss" will continue. In 2017, learning mobility of 675 young researchers and Masters students (up to 30 days) and 93 Doctoral students (1–10 months) in a higher education institution abroad was supported. In addition, the studies of 361 foreign Masters students and 50 foreign Doctoral students in Estonia were supported and visits of 28 Doctoral students to Estonian higher education institutions were supported. All indicators have been achieved as planned, except for involving foreign Doctoral students in Estonian higher education institutions (uptake 45% of planned in 2017). The activity will be reviewed in 2018.</p>

a.	Implementation of the work capacity reform (incl. creating a system for assessing work capacity, the provision of services to the target group, the necessary information exchange IT solutions for implementing the activities and condition for providing grants "The provision of labour market services to the work capacity reform target group" and "Increasing the work capacity of the work capacity reform target group and promoting their working")		x	x	x	x	x	x	Ministry of Social Affairs	1	Development and notification necessary to ensure sustainability of the new work ability support system are carried out and analysis are conducted to verify that the system is functional and to identify further development needs. In order to ensure financial sustainability of the new work ability system, the financial model of the Work Ability Reform will be developed further (2017–2020 framework agreement). Effectiveness, efficiency, and impact of using the employment services provided to people with decreased work ability is analysed, and, if necessary, services will be developed or changed. Achievement of the objectives set down by the Work Ability Reform and the intended performance of the work ability assessment method is analysed and, if necessary, development activities will be planned. To ensure correct assessments of work ability, expert doctors assessing work ability will undergo refresher training. In order to ensure the necessary number of doctors and assess work ability for the Unemployment Insurance Fund, new expert doctors will be trained in work ability assessment method. To improve the knowledge of the target group and support them in the process of work ability assessment, cooperation in the provision of counselling service is organised with the Estonian Chamber of Disabled People. Information dissemination is continued to improve the knowledge about the new work ability system. The information exchange systems for the assessment of work ability is developed further. In 2020, a summary analysis of the implementation of the measures of the new work ability support system will be prepared and it will be the basis for the preparation of the operational plan for further implementation of the measures based on results and a financing plan.
b.	The integration of the physical therapy and rehabilitation systems into a single customer-centred whole system in order to offer timely and smoothly functioning services			x	x	x	x	x	Ministry of Social Affairs	1	To better integrate the systems and services, the services offered currently have been mapped and the overlapping services and differences between systems have been analysed. Two pilot projects have been launched (a pilot project concerning people that have acquired schizophrenia for the first time, ICF pilot project) and three audits to assess the quality and overlapping of the rehabilitation system. A comprehensive mapping will be initiated to create the basis for better exchange of information between the systems.

c.	Provision of social services to support the participation of people with special needs, and the burden of care on the labour market (Structural funds measure "Welfare measures to support participation in the labour market") and improvement of the quality of social services		x	x	x	x	x	x	Ministry of Social Affairs	1	Ten projects from the first application round conducted in 2016 will be funded from the ESF budget in the amount of 2.3 million euros, which will be added cost-sharing of the applicants (at least 15%). The projects of the first round commenced in the first part of 2017 and the activities will run for up to two years. The second local authorities' open application round will be announced in spring 2018. In both rounds, the development and provision of home service, support person service, personal helper service and general care services offered outside of home (daily care or interval care service) will be supported. The third open application round for a larger circle of applicants (in addition to local authorities, applicants are other providers of services, both institutions and private companies administrated by the local authorities) for the development and provision of social services will be opened in the first half of 2019. In the second half of 2018, we will pilot the development of social transport through public transportation centres.
d.	Use of innovative solutions in the development and provision of social services				x	x	x	x	Ministry of Social Affairs	1	Within the structural funds measure "Welfare measures to support participation in labour market", innovation events were conducted (second half of 2017) and an application round will be announced (first half of 2018) to motivate the creation of innovative implementation ideas and support turning the best ideas into functioning solutions.
e.	Provision of in-service training and re-training services to employed people to preclude unemployment				x	x	x	x	Ministry of Social Affairs		The Government of the Republic approved the services to prevent unemployment at its session on 17 November 2016. From 1 May 2017, the Estonian Unemployment Insurance Fund starts to offer working people employment training and support for participation in formal education acquired within the adult education system. Employers can also apply for training support to improve the skills of their employees.
f.	Creating and implementing a national "Diverse Workplace" sign to recognise the companies that promote diversity and equality			x	x	x			Ministry of Social Affairs	1	"Diverse workplace" label concept (content of the label, principles of receipt and functioning thereof and a communication plan) was completed in April 2017 led by the Human Rights Centre. The activities to implement the label model will be implemented by the deadline 15 May 2018. The first diversity labels will be given over to at least 15 organisations at the Diversity Label Conference on 21 March 2018. The following activities of the implementation of the label model have been presented in the additional application to the State Budget Strategy for 2019–2022.

g.	The provision of career counselling services to people of the working age (SF measure "Developing the competences of the adult population", Action "Working age individuals who have received career counselling")	x	x	x	x	x	x	x	Ministry of Social Affairs		Continued activity: in 2014 the conditions for granting the support "Improving accessibility to career services" was prepared, based on which careers counselling for working and non-active people is offered.
h.	To provide measures for helping retirement aged workers to stay in employment	x	x	x	x	x	x	x	Ministry of Social Affairs		Continued activity: in 2014, the conditions for granting the support "Better opportunities for participation in employment" was approved, based on which employment services are offered to people in retirement age.
i.	Authorising the Labour Inspectorate to monitor the remuneration and benefits paid by public sector employers to men and women for equal work or work of equal value		x	x	x	x	x	x	Ministry of Social Affairs	1	A memorandum of the amending draft Gender Equality Act, which gives the Labour Inspectorate rights to supervise gender pay gap in public sector, was approved at the Government of the Republic cabinet session in February 2018. The draft Act will be sent for the first round to the Drafts Information System in March and should reach the Riigikogu in June 2018.
j.	Regular gender pay gap audits in the public sector within the public sector yearbook				x	x			Ministry of Finance	1	An overview of gender pay gap in public service by authorities will be presented in the public service annual report each spring.
k.	Assessment and comparison guidelines supporting the implementation of the principle of equal pay for equal work or work of equal value			x	x	x	x	x	Ministry of Social Affairs	1	To decrease pay gap, the Labour Inspectorate will be given authority to perform supervision over salaries and benefits paid by the employer to women and men for same or equal work in public sector. To that end, a draft amendment to the Gender Equality Act will be prepared and sent to the Government of the Republic. The deadline of the draft is July 2018 and it is expected to enter into force in July 2020. To implement supervision, competence, instructions for assessment and comparison of same and equal jobs will be prepared. Same or equal job is a job that is of the same or equal complexity, responsibility, and difficulty and which is performed in same or equal conditions and during which the same or a comparative result is achieved.
l.	Increasing the knowledge about stereotypic career choices for schoolchildren through career days for boys and girls and through primary and high school subject "Career education"			x	x	x	x	x	Ministry of Social Affairs, Ministry of Education and Research	1	Continued activity. Students are offered an elective subject "Career education" within the national curriculum.
m.	Increasing the regional labour supply (SF measure "Better opportunities for participating in employment")	x	x	x	x	x	x	x	Ministry of Social Affairs		Continued activity: in the first half of 2015, a service for improvement of regional labour force supply within the conditions for granting the support "Better opportunities for participation in employment" was developed; the mobility support was launched in 2016.

n.	An analysis and proposals on the extension of health insurance coverage				x			Ministry of Social Affairs	The wording of the activity is updated in accordance with the action programme of the Government of the Republic.
o.	Introducing the cross-border recruitment opportunities opened up by the updating of EURES, the EU's job mobility portal, to job seekers and employers			x	x	x	x	Ministry of Social Affairs	By now, the regulation has been adopted and Estonia is in the process of preparing a system to receive members and partners in the EURES network, which should be created no later than by May 2018.
p.	Developing proposals to preclude and decrease burden of care in order to support the labour market participation of long-term caregivers and the subsistence of households with a member who needs long-term care			x	x	x		Government Office	1 The task force established in 2015 to reduce care load presented their final report to the Government in December 2017. In accordance with the results of the work of the task force and based on section 11.8 of the action programme of the Government of the Republic (we reduce the load of family caregivers, taking into account the proposals made by the care load task force), the Government of the Republic was submitted an analysis of initial measures and proposals on how to reduce care load for approval in autumn 2017. In compliance with the proposals of the task force, the Government decided that the Ministry of Social Affairs must present the Government a concept of the planned changes in the long-term welfare system.
q.	Care coordination pilot project				x	x	x	Ministry of Social Affairs	Based on the suggestions made by the care load task force, a pilot project of care coordination will be launched in six Estonian regions in 2018. The objective of the pilot project is to create human-centred and coordinated care organisation for people with extensive and complex care needs.
r.	Development of volunteer activities in social sector				x	x		Ministry of Social Affairs	To promote the creation of a practice of targeted involvement and using volunteers in the care system, a pilot project will be conducted in different regions of Estonia in 2018–2019 (nine local authorities in northern Estonia, nine local authorities in southern Estonia), the objective of which is to test the cooperation model between local authorities, care institutions, and volunteer organisations and to develop a pan-Estonian cooperation model for the involvement and using volunteers in the care system based on the results of testing. During the testing, volunteers will help elderly people and people with special needs. As a result of the project, a cooperation model of using volunteers in the care system suitable for Estonia will be developed.
II. The development of family policies in order to better reconcile work and family life									

a.	The creation of childcare and kindergarten placements, paying attention to under-three-year-olds and focusing on the municipalities with the greatest lack of placements and the provision of flexible and close-to-home services (incl. an analysis and proposals on ensuring flexible child care)	x	x	x	x	x	x	x	Ministry of Social Affairs, Ministry of Finance, Ministry of Education and Research	The conditions for granting the support for the measure “Development of welfare services for child care and disabled children to decrease care load” were developed and approved by the Minister of Social Protection in November 2014. The first application round for the ESF measure was conducted in 2015 and during it, 568 new jobs were created. The application round conducted within the framework of the measure helps local authorities to create new kindergarten and child care places. The measure regulation was approved in spring 2015. The activities contribute to the state based proposal no. 2, as they improve accessibility of child care service, and the state based proposal no. 5, because they support local authorities to offer public services (child care, early education, support person). The second application round opened on 26 February 2018. In the second round, it is possible to create regular groups as well as specific child care places.
b.	Analysis and proposals for changing the system of parental leave and parental benefits in order to allow a more flexible combination of work and family life		x	x	x	x	x	x	Ministry of Social Affairs	In December 2017, the Riigikogu passed Package1 of the amendments to the Act. In March 2018, Package 2 of the amendments to the Act will be sent for approval. The changes will enter into force gradually during 2018–2022. The first two amendments - enabling earning a larger income concurrently without reducing the size of parental benefit and support for triplets and more multiple births entered into force on 1 March 2018.
c.	Development of the system of family benefits		x	x	x	x	x		Ministry of Social Affairs, Ministry of Finance	The amendments of the Act to increase child allowance (raising the allowance for the first and second child to 60 euros by year 2019) and the payment of support for families with many children were adopted in 2015 and for raising the allowance for families with many children in 2016. The subsistence level has been raised to 130 euros. From 2018, the subsistence level will raise to 140 euros a month and the consumption weight of children below 18 years of age to 1.2, i.e. from the former 130 euros to 168 euros a month.

[illegible]

a.	Initiation and implementation of an evidence-based parenting programme to prevent risky behaviour	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. The main objective of implementing the parenting programme “The Incredible Years” is to prevent and reduce mental health problems in children, violent behaviour of parents, and to prevent long-term consumption of substances causing dependency by children and their criminal behaviour, saving costs in healthcare and social welfare area when dealing with these problems. The programme creates a safe and supportive environment for raising children which encourages children and deepens the belief that, if necessary, raising children will be supported even if problems arise. The current budget enables implementing the programme in the case of 300 parents on average and supporting local authorities with c. 50% from the budget of one training group to be conducted. The activity is coordinated by the National Institute for Health Development.
b.	Implementation of an action plan developed by Task Force for the prevention and reduction of injury-related deaths		x	x	x	x	x	x	Ministry of Social Affairs	The activities launched by the injuries task force will be continued and coordinated by the Ministry of Social Affairs.
c.	Development and improvement of additional light traffic roads, recreational sites, tracks, trails and the related infrastructure (in 2015-2020 supported from the SF measures "Improving regional competitiveness", "Sustainable development of urban areas" and "Sustainable development of the cities of Ida-Viru county")	x	x	x	x	x	x	x	Ministry of Finance, Ministry of Culture	The implementation has been successful so far. Starting from 2014 at least 27 traffic safety increasing projects have been supported and 7 more granted the right to apply within the cycle and pedestrian support scheme, which totally amounts to 10 mio euros (financed from the state budget). SF-financed measures "Sustainable development of urban regions" and "Sustainable development of Ida-Viru County urban regions" with implementation period from 2014 to 2020 account for 37 financed projects aimed to establishing internal cycle and pedestrian tracks in urban regions, totally amounting to more than 21 mio euros. In addition to that more than 20 centre-hinterland connections, industrial area access roads and cycle and pedestrian tracks have been supported from SF-financed measure "Regional competitiveness strengthening investments support scheme" with total budget of 15 mio euros.
d.	Implementation of measures to promote active lifestyles, including the development and piloting of measures supporting exercise habits in the school environment and local community	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Social Affairs, Ministry of Education and Research	Continued activity – creating opportunities to be involved in sports for all (including for special needs people) and supporting sports for all activities. Schools are offered an opportunity to participate in the sports for all programme.

e.	Implementation of the green paper on alcohol use in order to reduce alcohol-related damage to health and society	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. Under the management of the Ministry of Social Affairs, an inter-ministerial working party for the implementation of the measures (a monitoring table of activities and responsible persons), the treatment guidelines of alcohol dependency was completed, the programme “Sober and healthy Estonia” (ESF 2014–2020) is carried out, the programme “Effect” to prevent alcohol consumption by the young people is conducted, National Institute for Health Development’s alcohol consumption prevention campaign, an application round directed to the prevention of alcohol use of the Norwegian financial mechanism, the Riigikogu passed on 20 December 2017 a draft amendment to the Alcohol Act and Advertising Act (limiting accessibility and advertising).
f.	Implementation of the green paper on tobacco use in order to reduce tobacco-related damage to health and society	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. A working party established by a ministerial order to develop the tobacco policy, implement the Green Paper measures, and transpose the EU tobacco directive; the Riigikogu passed on 13 December 2017 an amendment of the Tobacco Act to limit tobacco displays and give rights to the Police and Border Guard Board to make purchases for the purpose of monitoring compliance and involve, if necessary, as a supervisory action persons of at least 16 years old and impose a requirement of asking of a document from a client that purchases a tobacco or an associated product, and give Taxation and Customs Board the right to perform purchases for the purpose of monitoring compliance; in 2018, work continues to transpose articles 15 and 16 of EU Directive 2014/40/EU (measures to fight smuggling of tobacco products). Activities in all Green Paper areas that aim at reducing the number of daily smokers in Estonia and thereby health risks, damages, and costs due to smoking are implemented.
g.	Preparing a green paper on diet and exercise	x	x	x	x	x			Ministry of Social Affairs	Continued activity. The expected completion time of the Green Paper is 2018.
h.	Continuing of regular communication regarding a balanced and healthy diet				x	x	x	x	Ministry of Social Affairs	Continued new activity. Campaigns will be conducted to reduce sugar consumption and promote fruit and vegetable consumption. A summary material of nutrition and sporting suggestions will be prepared for distribution.
i.	Continuing the programme for beginner level swimming classes	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Education and Research	Continued activity.

j.	Increasing the volume of regular health checks and various health monitoring and screening programmes, with the aim to detect possible health disorders at an early stage	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. The amount of regular health examinations from the budget of the Estonian Health Insurance Fund is on the rise: the funds of preventive health monitoring and screening programmes during 2001–2015 has risen 4%; however, many activities are part of general medical care and cannot be separated (e.g. medical examination of infants and children, examinations to diagnose cardiovascular diseases and diabetes of target groups, etc.).
II. Developing the health infrastructure										
a.	Modernisation of health centres (SF measure "Ensuring accessible and high-quality health services in order to promote employment retention, and returning to employment")	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. Regulation "Updating of primary healthcare centres" of the Minister of Health and Labour was approved on 12 August 2015. Application submission for preparing an investment plan was open until 9 May 2016. Altogether, 59 applications were approved. Fifty-six support applications were forwarded by the deadline 8 March 2017, of which 55 were approved as eligible. Signing of the new regulation will take place in March 2018. The second application round will be one-stage and it will be opened at the end of first quarter of 2018. With the amendment of the operational plan, a new output indicator was added – one updated general hospital that networked with primary health care. As at 31 April 2018, three primary healthcare centres are completed (Mustamäe, Tapa, Koeru).

b.	Strengthening of the centres of competence in the hospital network (SF measure "Ensuring accessible and high-quality health services in order to promote employment retention, and returning to employment")	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity. Regulation No. 18 "Updating of competence centres of hospital network" of the Minister of Health and Labour of 27 April 2015 was approved. The investments plan is approved, projects are being implemented/prepared. Of the projects of the measure activity 2014–2020, 2.4.1 "Updating of competence centres of hospital network", the second stage of SA Tartu Ülikooli Kliinikum extension and reconstruction construction stage II was completed, the project period was 01.01.2014–31.12.2015. A decision to support the third construction stage of SA Tartu Ülikooli Kliinikum extension and reconstruction project has been made (30 May 2017) and the project is being implemented. The planned start and end of the project period is 01.01.2017–31.12.2022. A decision to support the project of establishment of Y block in the SA Põhja-Eesti Regionaalhaigla Mustamäe medical grounds was made (18 September 2017) and the project is being implemented. The planned start and end of the project period is 12.11.2015–16.12.2022. The support application for the construction project of the Psychiatric Clinic of SA Põhja-Eesti Regionaalhaigla will be submitted in accordance with the approved investments plan on 30 June 2018. The implementation time of the project is expected to last from the second half of 2017 to the second half of 2023.
c.	Implementing the national e-Health strategy in order to use the opportunities provided by ICT development in order to improve public health and develop the healthcare and welfare system	x	x	x	x	x	x	x	Government Office, Ministry of Social Affairs	Continued activity. The strategy was approved at a Government cabinet meeting in December 2015. The operational plan was prepared in 2016. In January 2017, the eHealth strategy council approved priority projects. The projects are regularly monitored twice a year (in January and August). In connection with preparing the National Health Plan 2020–2030, it is planned to integrate the objectives and lines of action of the eHealth strategy into the National Health Plan to be updated in future.

COMPETITIVE BUSINESS ENVIRONMENT

6. Formulating a policy to facilitate long-term increases in the international competitiveness of companies									
I. Modern business environments									
a.	Increasing the proportion of accepted claims of creditors that are satisfied in bankruptcy proceedings; codification of the right of insolvency	x	x	x	x	x	x		Ministry of Justice

Codification began in summer and autumn of 2016 and this activity will continue. The review results will be presented in autumn 2018. An insolvency competence centre will be created, the regulation regulating reorganisation and debt restructuring will be improved.
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b.	Creation of a bureaucracy-free business form for small businesses - a business account for the sale of services and goods to physical persons or for the sale of goods to legal persons in the maximum amount of €25,000 per year				x	x	x	x	Ministry of Finance	The Act has been adopted, it is expected that banks will begin providing the service from autumn 2018.
c.	Improving the tax environment for shipping companies				x	x			Ministry of Economic Affairs and Communications	Activity is added based on the action programme of the Government of the Republic. The Government discussed the proposals made by the Minister of Economic Affairs and Infrastructure on 17 June 2017 and gave additional tasks to the ministers for preparing draft legislation during this year.
d.	The task force on cutting red tape	x	x	x	x	x	x		Ministry of Economic Affairs and Communications, Government Office, Ministry of Finance	The Government formed a task force to coordinate the implementation of proposals made to reduce bureaucracy on 31 March 2016. The Minister of Economic Affairs and Infrastructure presents the Government an overview about the work performed by the task force in Q2 2018. The mandate of the task force is extended until the end of 2018.
e.	Speeding up bankruptcy and execution proceedings; preparing the amendments to the laws related to bankruptcy and enforcement proceedings			x	x	x	x		Ministry of the Environment	In summer and autumn 2016, insolvency proceedings review was initiated. The results of the review will be disclosed in autumn 2018. An insolvency competence centre will be established and the regulation regulating reorganisation and debt restructuring will be improved. As regards execution proceedings, draft legislation is being prepared to improve enforcement of support claims.
f.	Implementation of the Competitiveness 2.0 report (to a certain amount a follow up of the "Entrepreneur's Right 2" programme)	x	x	x	x	x	x		Ministry of Justice, Ministry of Finance, Ministry of Economic Affairs and Communications	In autumn 2015, the Minister of Justice convened a steering group comprising entrepreneurs and organisations and associations that unite entrepreneurs to identify the areas that most hinder business and require changing or to make proposals to the Government how to facilitate business and boost economy. The members of the steering group made 123 proposals on the development of the business environment. The Competitiveness 2.0 Report highlights 64 of them. The activities that are the responsibility of the Ministry of Justice are being implemented, and laws on insolvency and associations are being reviewed.

g.	To update the action plan for north-eastern Estonia (Ida-Viru county) with regard to the activities aimed at developing the regional business environment and prepare a similar action plan for south-eastern Estonia	x	x	x	x	x	x	x	Ministry of Finance	Monitoring and updating of Ida-Viru County and south-eastern Estonia action plans for 2015–2020 has been carried out regularly once a year. At the Government cabinet meeting on 8 February 2018, it was decided to start the implementation of the Ida-Virumaa programme from the second half of 2018 (the programme will be developed in the first half of 2018). The objective of the programme is to boost economy in Ida-Virumaa, increase the attractiveness of the region as a living environment, decelerate outflow of younger people, and reduce the development gap of the region compared to other regions in Estonia by prioritising this region in terms of development. The indicative volume of the programme is 3.8 million euros in 2018 and 4.95 million euros from 2019. Similarly to the Ida-Viru County programme, the launching of south-eastern Estonia programme in 2019 has been discussed to help decelerate the reduction of the size of population and improve business and labour market indicators in south-eastern Estonia.
h.	Physical, social and economic revival of underused city areas by using SF measure "Sustainable development of the cities of Ida-Viru county"		x	x	x	x	x	x	Ministry of Finance	Action plans have been approved within the measure, based on which, applications for support to implement the projects are being received.
i.	To support the development of the business environment by using SF measures "Improving regional competitiveness" and "Development of regional competence centres"	x	x	x	x	x	x	x	Ministry of Finance	Activities continue. The implementation of measures regarding improving the competitiveness of the regions and development of regional competence centres is going as planned. As at the end of 2017, financing decisions from the measure for improving the competitiveness of the region to implement 21 regional business and industrial infrastructure development and incubation and product development centres projects have been made for the total support amount of over 16 million euros. In 2017, the second application round of the measure was opened in all counties and in three counties (Harju County, Ida-Viru County, Jõgeva County) the round was completed. Preparations for organising the measure's reserve projects round were made in 2017.

j.	Raising the competitiveness of the business environment through cross-border collaboration (EE-LV, EE-RU, The Mid-Baltic Sea programmes)		x	x	x	x	x	x	Ministry of Finance	As at 1 March 2018, altogether 35 cooperation projects with Latvia, Sweden, and Finland within the Estonia-Latvia and Central Baltic Sea programmes have been supported, where the contribution of Estonia's partners is in total 12,367,151 euros. The objective of the projects is to develop and market common services and goods for third foreign markets, to improve cooperation between entrepreneurs of the region and promote young people's enterprise. The short description of Estonia-Russia large project "Reconstruction of Saatse-Krupa road section – SME ACCESS" has been approved by EC with Estonia's contribution of 1,424,800 euros. The project will improve road infrastructure in the region for small and medium-sized enterprises (SMEs) and develop relationships between SMEs in the border region.
k.	Developing and implementing a green paper of Estonian industrial policies		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The industrial policy document is prepared (2017). Proposals will be taken into consideration when new related development plans are being prepared.
l.	Analysis of identifying the owners of public e-Services, and implementation of relevant proposals	x	x	x	x	x			Ministry of Economic Affairs and Communications	Regulation "Basics of organisation of services and information management" of the Government of the Republic is implemented. The regulation entered into force on 3 June 2017. The service mapping environment riigiteenused.ee is developed; it can be accessed by the owners of the services assigned by the authorities.
m.	Analysis and proposals for the creation of an international consortium for the joint development of the base infrastructure of services		x	x	x	x			Ministry of Economic Affairs and Communications	In 2015, negotiations were initiated with Finland for joint development and administration of X-road and other basic infrastructure. In July 2017, non-profit organisation Nordic Institute for Interoperability Solutions was founded with Finland for joint development and administration of X-road and other basic infrastructure. The next step is technical linking of state information systems of Estonia and Finland via the X-road.
n.	To recognise the importance of socially and environmentally responsible entrepreneurship at the government level and promote socially and environmentally responsible entrepreneurship	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	In 2015, responsible business was for the first time one of the Business Awards categories. This category is planned to be implemented with an interval of two years. Next time will be 2017. In 2016, an analysis of possibilities of development of socially responsible business in Estonia was prepared. In 2018, we consider the analysis and implementation of the relevant OECD procedures.

o.	We promote the exploitation of e-commerce opportunities					x	x	x	Ministry of Economic Affairs and Communications	We implement the EU geo-blocking regulation, organise information days for entrepreneurs to improve their awareness of EU legislation, develop cooperation with the E-Commerce Association for mapping the needs and opportunities of entrepreneurs, protect the interests of Estonian entrepreneurs at negotiations in EU about the so-called platforms draft legislation.
p.	Improvement of supervision to ensure balanced business environment					x	x	x	Ministry of Economic Affairs and Communications	We make a proposal to merge the tasks and personnel of the Consumer Protection Board and the Technical Regulatory Authority from 1 January 2019 and establish Consumer Protection and Technical Regulatory Authority with the aim of improving state supervision and ensure sustainability of the authority. We are preparing the operational plan for cooperation of the consumer protection authorities along with specifying the procedure of the Consumer Disputes Committee. The regulation is expected to enter into force in January 2020. We are carrying out activities necessary for the effective enforcement of the Tourism Act, including notifying entrepreneurs and consumers, development of public services, and updating of supervision methods.
q.	Activities related to a common digital gate application commenced				x	x	x	x	Ministry of Economic Affairs and Communications	It is being prepared. A common digital gate requires assessment of the compliance of web services of the majority of public sector authorities and the planning of development activities in case of non-compliance.
II. Consolidating and simplifying entrepreneurship subsidies; developing and implementing new financing models										
a.	Development of a comprehensive entrepreneur's development programme and creating a supportive implementation model	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Entrepreneurship development programme is continued.
b.	To implement a system of regular assessments of the impacts of entrepreneurship subsidies	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The impact of entrepreneur's supports is regularly assessed. Interim assessment in 2018.
c.	Continuation of the KredEx measures aimed at the development of entrepreneurship (start-up loans, loan guarantees, subordinated bank loans, technology loans)	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The measures are continued. If necessary, measure conditions are updated.
d.	To continue the Enterprise Estonia measures for novice entrepreneurs (basic training, mentoring, etc.)	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Services intended for start-ups, e.g. basic training, county development centres counselling, mentoring clubs, will continue. Furthermore, the setting-up aid is granted under a new concept.

e.	Implementation of support measures designed to develop the knowledge and skills of entrepreneurs	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	In 2015, a new “Business awareness programme” was launched. Enterprise Estonia own activities related to export, events designed to improve business awareness and support services of enterprise in county development centres are financed within the programme. Training modules for the development of e-business and e-commerce are organised. Projects of e-industry, product development, and export of representative organisations of enterprises are supported.
III. Providing support measures to entrepreneurs to facilitate the growth of export capacity and use of export potential										
a.	To continue the provision of medium and long term export guarantees to an extended target group with a view to increasing the export capacity of Estonian companies	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The activity is continued.
b.	To launch actions under the entrepreneur’s development programme, aimed at export activities	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Entrepreneur’s development programme became fully functional in January 2016.
c.	To continue promoting development and marketing cooperation among companies, in particular in growth areas and directed to more remote markets	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	2 A new technology competence centres measure was introduced at the end of 2014, the cluster measure in 2015.
d.	Launch of foreign fair support					x	x	x	Ministry of Economic Affairs and Communications	New measure will be launched in 2018, the implementer is Enterprise Estonia.
e.	Promotion of service export					x	x	x	Ministry of Economic Affairs and Communications	We are mapping the requirements and procedural actions that are applied in Nordic and other neighbouring countries to Estonian construction service providers. In the construction services sector, cross-border activity is especially modest across EU and this is a sector that enables analysing both temporary cross-border services provision as well as exercising secondary establishment. Based on the mapping results, it is possible to make specific proposals for facilitating export of Estonian construction services and reducing of administrative load and cost of cross-border expansion of enterprises. We validate the results of mapping with the entrepreneurs active on the relevant markets. Mapping is also a necessary input for our EU related work. The services sector is regularly involved and notified. Competitiveness of the Estonian services sector is supported by a seamlessly functioning trade of services and investments in the services sector, which makes it important for Estonia to have an image of an attractive services trade partner and investment target country which we can contribute to with OECD and different international indicators and indexes related work (OECD STRI index, etc.).

f.	Providing export information services and training, including on more remote target markets, to entrepreneurs	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	This will be implemented within the framework of Enterprise Estonia own export related activities. Trainings and joint stands at fairs are organised, Enterprise Estonia export advisors work in foreign markets, including distant markets (e.g. China, Japan, India, Singapore). The activities will begin at the end of 2018.
g.	Launch of activities for 2018–2021 of the action plan for promoting export in food sector					x	x	x	Ministry of Rural Affairs	
7. To create an environment for bringing more foreign direct investments to Estonia aimed at sectors with a										
I. Making Estonia an attractive investment environment										
a.	To support large-scale investments which are made in Estonia in order to improve local economy	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The operational model of regional investment services in cooperation with county development centres has been launched (in total, four in Estonia). The large investor measure was also launched.
b.	To continue the activities of the Foundation Ida-Viru County Industrial Areas Development (IVIA)	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Finance	
c.	Programme for businesses to join infrastructure networks				x	x	x	x	Ministry of Economic Affairs and Communications	The programme has begun; the implementer is Enterprise Estonia.
d.	To ensure more efficient protection of investors	x	x	x	x	x	x	x	Ministry of Justice, Ministry of Economic Affairs and Communications	Law on associations related investor protection problems are discussed within the framework of the law on association review, which has been launched and the final results of which will be known in 2020. By summer 2018, the law on associations review concept will be presented.
e.	Increasing the number of high added value and productivity of foreign investments with large investor support				x	x	x	x	Ministry of Economic Affairs and Communications	Large investor support; the implementer is Enterprise Estonia.
f.	Increasing awareness of Estonia as a state, in order to attract foreign investments, to facilitate entry into foreign markets for Estonian businesses, and to support tourism	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Enterprise Estonia is improving awareness about Estonia as a foreign investment destination (Invest in Estonia), as a tourist destination (Visit Estonia), as a trading partner (Trade with Estonia) and as a target country where to work (Work in Estonia). Estonia's brand used for these purposes was developed. More ambassadors and diplomats of economic affairs are involved.
g.	Implementation of important state investments, including the construction of the Tallinn City Hall into an international tourism and conference centre in cooperation with the city of Tallinn				x	x	x	x	Ministry of Economic Affairs and Communications	A new added activity from the Government of the Republic action programme. In 2018, preparatory activities for the renovation of Linnahall will continue.

h.	Estonia's business diplomacy strategy implemented with the aim of increasing the volume of new foreign investments and export of Estonian enterprises with targeted and coordinated support by the state (business diplomacy)					x	x	x	Ministry of Economic Affairs and Communications
II. Improving the availability of qualified labour necessary for the development of foreign investments and export									
a.	Developing support services facilitating the adaptation of new immigrants, including an adaptation programme and an information portal	x	x	x	x	x	x	x	Ministry of the Interior

The strategy was approved; the implementer is Enterprise Estonia.

In 2017, the Ministry of Interior in cooperation with contractual partners continued with the offering and provision of trainings in the framework of the new immigrants settlement programme launched in 2015 with the aim of supporting the migration process of new immigrants that come to live in Estonia, their quick and smooth adaptation, and acquisition of initial knowledge and skills necessary to cope independently. From 2015 to the end of 2017, altogether 18,952 new immigrants were directed by the Police and Border Guard Board to participate in the settlement programme and 2,919 training times were offered.

In 2017, the information platform www.settleinestonia.ee was designed for new immigrants and organisations involved with new immigrants. The platform enables registering to the settlement programme training sessions, receiving information on the settlement programme as well as on other services and activities that support adjustment. The new immigrants support network concept was implemented, based on which the organisations involved with new immigrants are informed and empowered in supporting the adjustment of new immigrants at the local level.

An overview of services designed for new immigrants that support settlement requiring most development in 2017 was prepared and the Police and Border Guide Board counselling service and the development of the Police and Border Guard Board web site were supported; participation in volunteer work was supported; improving family physician service and the basic training of start-up development and launch of Tartu International House service were supported. In 2018, an analysis of the transfer of the adaptation programme information platform to an outside service provider will be conducted after the EU financial period 2014–2020. Estonian Research Council has granted aid within the framework of Mobilitas Pluss to 41 post-doctoral fellows, 29 returning researchers, and 13 top researchers. Three post-doctoral fellows' and returning researchers' application

b.	Ensuring the availability of labour market information in foreign languages in Estonia	x	x	x	x	x	x	x	Ministry of Social Affairs	Continued activity: the web sites of the Estonian Unemployment Insurance Fund and EURES Estonia make available labour market information and information about working in Estonia in English, also in the Russian language on the web site of the Unemployment Insurance Fund.
c.	Development of the estonia.eu portal to introduce Estonia as an attractive country		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Developing of the portal is initiated and is a continued activity.
d.	To implement a plan of action for the Estonian talent policy, with the goal of simplifying the discovery, recruitment, immigration, employment and acclimation of foreign talents		x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Education and Research	The action plan of foreign specialists was updated in the first and the second half of 2017 and the focus of the action plan remained the same in terms of target groups, i.e. including foreign specialists with IT competences from selected target markets and in accordance with the labour need prognosis and OSKA analysis. Planned activities: a) information about coming to work in Estonia, development and maintenance of a common e-environment of materials and public services; b) increasing readiness of entrepreneurs to involve foreign specialists; c) IT labour force campaigns in target countries, incl. to industrial sector; d) development of settlement services for foreign specialists and their families. Estonian Research Council has granted support to 41 post-doctoral researchers, 29 returning researchers, and 13 top scientists within the framework of Mobilitas Pluss. Three further application rounds for three post-doctoral researchers and returning researchers will be organised. All top scientists supports have been allocated.
e.	Development of an electronic data exchange related to social insurance between the EU member states, so that people would be assured of rapid solutions for cross-border cases related to social insurance	x	x	x	x	x	x	x	Ministry of Social Affairs	Estonia officially joined EESSI platform in 2017; however, it was not possible to interface to the platform in 2017. It is planned to produce the first use cases by the end of Q III 2018 at the latest. Use cases will be gradually added to data exchange in 2018 and 2019. Interfacing must be completed by July 2019.
f.	Further 4th stage amendments to the Aliens Act for facilitating immigration of foreign labour needed for the development of Estonia's economy and to increase foreign investments				x	x			Ministry of the Interior	In 2017, suggestions were collected from ministries and cooperation partners for amendment and modification of the Aliens Act and possible solutions were mapped. A legislative intent for amendments was prepared in 2018 and forwarded for approval in March. Proposed amendments will be submitted to the Government of the Republic no later than in September 2018 and implementing legislation will be passed by the end of 2018.

g.	Amendments to the Aliens Act (a. extending the possible maximum length of short-term working up to a year; b. excluding top specialists from the quota)					x			Ministry of the Interior	In June 2017, a broad-based working party was established led by the Ministry of the Interior and assigned the task of analysing various opportunities for regulating immigration of aliens based on the needs and possibilities of the Estonian state and society. In 2018, the Government of the Republic approved two proposals made by the immigration working party: 1) not to include top specialists in the immigration quota and 2) to extend the length of short-term employment to alleviate temporary labour force deficiency. The Government made also a proposal to introduce an A2 level Estonian language skill requirement for aliens who have already lived in Estonia under a temporary residence permit and wish to apply for a new residence permit or extend the existing residence permit. A draft Act and explanatory memorandum to draft Act regarding amendments are in the first approval round. The amendments will be presented to the Riigikogu no later than by June 2018.
8. Creating preconditions for increasing the volume of research and development in the private sector as well as to increase the amount and quality of innovation output										
I. Stimulating demand-based research and development and innovation										
a.	Compilation of a development programme for the ICT sector, with one of the focuses being on a digital transition in industry				x	x	x	x	Ministry of Economic Affairs and Communications	2 The programme has been approved. Measures, incl. industry digitalisation measure will be implemented in 2018.
b.	To create and develop sectoral R&D capacity in areas of government of ministries	x	x	x	x	x	x	x	Every ministry	2 The objective of the activity “Strengthening of sectorial research and development” financed from the structural funds is to improve the R&D capability of state authorities, including the creation of sectorial R&D systems and trainings, the development of central policy monitoring and analytical capabilities, ensuring development of information systems. Most important activities involve supporting applied research that is strategically important for the state and improving the ministries’ competence of research through employment of scientific advisers in the sectorial ministries.
c.	In regard to all of the projects of research and development institutions, to establish the growth of the percentage of the developments of an applied nature to be a priority condition for the use of financing instruments and SF resources		x	x	x	x	x	x	Ministry of Education and Research	2 Carrying out of applied research is supported from two launched activities supported by structural funds: “Strengthening of sectorial research and development” and “Supporting applied research in smart specialisation growth areas”. The activities became fully functional in 2016. Implementation of both measures helps increase the share of applied research. The base funding regulation has been amended so that income arising from business contracts is included as one component in the base financing of research institutions. Hence, the logic is that the more research institutions have earned income from cooperation with enterprises the more they are granted research base funding from the state budget.

[illegible]

a.	SF programme "Institutional development programme for R&D institutions and schools of higher education"		x	x	x	x	x	x	Ministry of Education and Research	2	The measure activities are divided into two parts: investments into buildings and substantial activities for the development of quality of teaching and research. The Government of the Republic approved the investments on 9 June 2016. Construction or renovation of seven buildings for research and teaching with altogether 54.1 million euros is supported. Construction of most objects has been commenced. 67.4 million euros is for substantial activities. Substantial activities are deemed to be the structural reorganisation of universities, activities intended to increase the quality of teaching and research, improvement of the quality of doctoral studies, activities intended to increase international competitiveness and strengthening cooperation between research and development institutions, higher education institutions and enterprises.
b.	The TeaMe+ science communication programme		x	x	x	x	x	x	Ministry of Education and Research		Continued activity. Estonian Research Council implements the activities.
c.	To develop a measure aimed at enterprises to encourage the use of R&D infrastructure, with the aim to increase the interest and possibilities of entrepreneurs in using the R&D infrastructure in the product development process	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Education and Research	2	The Estonian Research Council launched the so-called core infrastructures measure within the institutional research aid scheme. A core infrastructure is infrastructure necessary for conducting research on research topics of the relevant research and development institution that has been created for the public interests and that other persons can use under the terms and conditions set down by the research institution. A core infrastructure is different from other infrastructure of a research and development institution, as it is created due to public interest and is open to other users.
d.	SF programme "Support to centres of excellence for research to increase international competitiveness and top quality of research"		x	x	x	x	x	x	Ministry of Education and Research	2	Decisions were adopted and excellence centres work has commenced. In total, nine projects are financed from the measure.
e.	SF programme "Support to research infrastructure of national importance"		x	x	x	x	x	x	Ministry of Education and Research		The first application round has been organised; the second will be conducted in 2018. As the result of the first round, the Government of the Republic approved with its decision supporting 13 projects in the sum of c. 19 million euros. The final beneficiary is Archimedes. There are no significant results yet, as the projects were just launched. Active procurement activities are in progress within all projects.

f.	Facilitating the internationalisation of Estonian research and higher education	x	x	x	x	x	x	x	Ministry of Education and Research	The activities support inter-sectorial cooperation, research by post-doctorial researchers, recruitment of foreign researchers and lecturers, returning of Estonians that have studied or worked in foreign countries. These activities are supported through the following (sub)measures: “Institutional development programme for R&D institutions and higher education institutions” and “Internationalisation of research and higher education and support for mobility and the next generation” (“Dora Pluss” and “Mobilitas Pluss”). To promote internationalisation, the activity of Estonian Liaison Office for EU RTD in Brussels and marketing of higher education and research under the auspices of “Study in Estonia” and “Research in Estonia” will be continued.
g.	To establish a support scheme for involving the development workers in companies that make a significant contribution to employment but currently have low added value		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The development voucher measure is still open.
h.	To continue product development grants and the 'innovation voucher' grant measure	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The innovation voucher measure is still open.
i.	Joining the European Organization for Nuclear Research (CERN)					x	x	x	Ministry of Economic Affairs and Communications	Estonia will join the CERN; preparatory activities for joining will be carried out in 2018.
j.	Assessment of the Research and Development and Innovation system					x	x		Ministry of Education and Research, Ministry of Economic Affairs and Communications, Government Office	An assessment will be commissioned from the European Commission in 2018. The respective proposal will be sent out in Q1 2018 and the result is expected in 2019.
k.	A new measure is prepared for the development of innovation and market potential of breaking scientific results (Proof of Concept)						x	x	Ministry of Education and Research	2 Measure design will be created in 2018.
IV. Improving the availability of early-stage venture capital in order to support the development of innovative enterprises with high growth potential										
a.	Offering venture capital to emerging innovative companies (establishing the early stage fund of funds)	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Funds of funds (Balti Innovatsioonifond (Baltic Innovation Fund) and EstFund) have been established and are operational.
b.	To develop measures in cooperation with the Baltic Sea countries, which would help integrate the Estonian venture capital with the regional venture capital market in a mutually beneficial manner, thereby improving the international investment capabilities of Estonian investors and the access of young innovative Estonian enterprises to international venture capital	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The Baltic Innovation Fund (Balti Innovatsioonifond) has been founded, launched successfully, and is operational.

c.	To establish a legal framework for the operation of crowdfunding platforms				x	x	x	x	Ministry of Finance, Ministry of Economic Affairs and Communications	EU Commission publicised their proposal for the regulation of crowdfunding in March 2018. The Ministry of Finance is currently preparing their views, which will be submitted to the Government of the Republic for approval no later than in May 2018. During the processing of the Commission's proposal, the need for preparing national regulation is assessed (e.g. if the Commission's proposal is not acceptable to most of the Member States and the Member States do not approve it).
d.	Implementation of the innovation loan measure	x	x	x	x	x			Ministry of Economic Affairs and Communications	The feasibility of the innovation loan will be cleared in 2018.
e.	To develop a network of 'business angels' and to offer start-up funding through business incubators and business acceleration programmes	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The activity continues.
f.	Implementation of the Start-up Estonia 2.0 programme		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The pilot project is completed; the main programme has been launched.
V. Developing challenge-based research and development and innovation										
a.	To develop challenge-based R&D&I coordination mechanisms with a focus on the socio-economic challenges of Estonia (e.g., energy independence, an ageing population, internal and external security) SF programme "Supporting sectoral research programmes of ministries"	x	x	x	x	x	x	x	Ministry of Education and Research, Ministry of Economic Affairs and Communications, Ministry of Social Affairs, Ministry of the Environment, Ministry of Defence, Ministry of Rural Affairs	2 The measure has been developed. The activity "Strengthening sectorial research and development" financed from structural funds has been approved. One of the activities is supporting applied research with a socio-economic objective. The applied research plan will be prepared on the initiative and under the management of the ministries responsible for the respective field. The Estonian Research Council implements the programme.
b.	Proactively analysing the legal framework and promotion of the state information system, in order to support the initial testing and introduction of smart technologies (e.g., The Internet of Things, Linked Data)		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	This work is continuous. For example, currently, the proposals concerning implementation of the ride sharing concept in the Public Transport Act are being discussed. The organisation body that coordinates cooperation between the state information technology centres and information technology companies is setting a legal framework (e.g. standard contracts) and mapping necessary changes.
c.	To increase the involvement of companies in the selection of research topics for PhD theses, the preparation and defence process and the opportunity for businesspeople to be members of the defence committees		x	x	x	x	x	x	Ministry of Education and Research	2 Within the activity "Scholarships in smart specialisation growth areas" (the implementer is SA Archimedes), allocation of scholarships at the third level of higher education or business doctoral studies is supported. It is planned to support at least 80 business doctoral students and 80 smart specialisation doctoral students that write their doctoral thesis. Reception commenced in 2016. In 2017, the scholarships in smart specialisation area were granted altogether to 16 business doctoral students.

d.	To continue the development of infrastructure of research and higher education and opening the use of infrastructure for entrepreneurs, implementing measures for sustainability and modernisation of R&D infrastructure (regional competence centres will be supported from the measure "Developing regional competence centres" of both 2007–2013 and 2014–2020)	x	x	x	x	x	x	x	Ministry of Education and Research, Ministry of Economic Affairs and Communications, Ministry of Finance	Continued activity. Maintenance and development of R&D infrastructure is based on Estonia's R&D infrastructure route map from 2010, which is a long-term (perspective of 10–20 years) planning tool, which includes a list of nationally important items of research infrastructure that are new or require updating. A new Estonia's research infrastructure route map was approved on 3 September 2014 with an order of the Government of the Republic; it will be updated in 2018. The conditions of the 2014–2020 measure "Development of regional competence centres" were approved by the regulation of the Minister of Public Administration of 20 January 2016. The objective of the support is the growth of economic activity, including employment rate and business activity, outside Harju County and Tartu County.
VI. Integration into the European Research Area										
a.	To participate in the joint EU R&D initiatives and in the joint infrastructures. To contribute to the creation of European Research Area through corresponding national policies	x	x	x	x	x	x	x	Ministry of Education and Research	Continuous activity. The Government of the Republic approved with its order No. 61 "Strategic participation of Estonia in EU research and development and innovation partnerships" of 5 February 2015, the aim of which is to set down the principles of the state participation in various EU RDI related partnerships, describe the decision process of making choices and the distribution of roles of different parties. This has set up a national procedure for setting thematic priorities of European Research Area and the H2020 programme regarding cooperation partnerships to facilitate participation of Estonian scientists in international programmes, projects and in the work of research centres. The "National action plan for implementation of the European research area" has been prepared and was approved as part of the RDI strategy implementation plan (order no. 183 of the Government of the Republic of 26 May 2016).

b.	To increase the motivation of universities and businesses to diversity financing sources, by making use of the research and development needs of companies located outside of Estonia, but also the EU's various R&D&I financing programmes (e.g., Horizon 2020, ERA-net, JTI, KIC etc.). To participate actively in international innovation partnerships		x	x	x	x	x	x	Ministry of Education and Research	<p>Related activities that are supported:</p> <ul style="list-style-type: none"> •support to apply for an ERC grant – for researchers working in Estonia whose research and development project has reached the second assessment round of ERC grant application but has still remained without a financing decision. This enables continuing with the project, which was left without funding, until preparing and submitting a new ERC grant application. •Horisont 2020 ERA chairs support – enables Estonian research and development institutions to cover the research work cost of Horisont 2020 ERA chairs. •Horisont 2020 ERA NET support – enables Estonian research and development institutions cover the participation costs of Horisont 2020 ERA NET projects. •Horisont 2020 EIT support – covers the travel and personnel costs of Estonian research and development institutions when participating in the work of knowledge and innovation communities (KIC). •Estonian Liaison Office in Brussels introduces Estonian research and development activity and offers an opportunity to participate in the European Union initiatives.
c.	To increase the awareness of businesspeople and make better use of the existing and developing opportunities for entering institutional markets (e.g., through NATO, EDA, ESA, EUMETSAT, CERN, ESS, etc.)		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Continued activities.
d.	To support the use of the opportunities provided to businesses by the SME enterprise programme (COSME)		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	No additional activities will be planned.
e.	SF programme "The internationalisation of research and higher education; support of mobility and future generations"		x	x	x	x	x	x	Ministry of Education and Research	<p>Implementation of the activity "Internationalisation of research and support for mobility and the next generation" of "Mobilitas Pluss" is currently in process (the implementer is SA Eesti Teadusagentuur (Estonian Research Council)). From the beginning of the programme, 41 post-doctoral researchers' projects and 13 top researchers projects have been supported and support has been granted for returning to Estonia of 29 researchers. In addition, five projects have been supported so that to enable researchers who have not received an ERC grant to prepare new ERC grant applications, four ERA chairs projects, two EIT project partners, and two ERA NET projects have been supported. Within the framework of the programme, 15 people have gained experience in Estonian Liaison Office in Brussels, 19 research marketing events were organised, 48 Estonian researchers have participated in training on how to write an ERC grant or made a study visit to ERC grant holders.</p>

f.	The development of a balanced R&D funding system, which combines institutional funding based on effectiveness and project funding based on competition, is required in order to increase the effectiveness of the R&D system and the capacity of universities and research institutions		x	x	x	x	x	x	Ministry of Education and Research, Government Office
9. Broader use of the potential of creative industries, ICT and other key technologies in order to increase the added value of other sectors									
I. Developing measures to support creative industries more effectively									
a.	Development of incubation for the creative industry.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications
b.	Development of support structures for the creative industry.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications
c.	Development of the export capacity of companies acting in different sectors of the creative industry.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications
d.	Linking the creative industry to other sectors (small and large projects).	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications
e.	Increasing awareness of the creative industry.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications

The Ministry of Education and Research has submitted an additional application within the State Budget Strategy 2019–2022 to achieve this objective. The ratio of base funding and research supports of research institutions is 40%/60% in 2018. Future developments depend on budget negotiations. A task force established at the Research and Development Council is involved in the preparation of the long-term

The implementation mechanisms have been worked out. The “Conditions and procedure for the support structures, joint projects and export capability of creative industry development support” have been approved. More detailed information about the current status of the implementation of the measure can be found in the monitoring report of 2017.

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f.	Developing the infrastructure and technical capacity of the creative industry.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications	The implementation mechanisms have been worked out. The “Conditions and procedure for the support structures, joint projects and export capability of creative industry development support” have been approved. More detailed information about the current status of the implementation of the measure can be found in the monitoring report of 2017.
II. Facilitating an integrated approach in order to increase the impact of interaction between creative industries, ICT and other key technologies										
a.	To create possibilities for developing space technologies (Earth-based applications), improving public sector services through the introduction of Earth-based applications of space technology.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Accession contract has been made with ESA. The distant monitoring distribution centre analysis is completed; the next step is to apply for funding from the investments plan or the Ministry of Education and Research measures. The process is ongoing.
b.	SF programme "Supporting applied research in growth areas of smart specialisation".		x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Education and Research, Ministry of the Environment, Ministry of Social Affairs	It is being implemented.
c.	SF programme "Improving the R&D capacity of state agencies".		x	x	x	x	x	x	Ministry of Education and Research	It is being implemented.
d.	Developing a strategy for reuse of Open Data and promote the re-use and access of public sector data, incl. creating an appropriate infrastructure.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	“Green Paper on machine-readable Estonian Public Information disclosure” and its operational action plan have been prepared and were approved at the Government cabinet session in autumn 2014. The development of the portal opendata.riik.ee and the opening of specific databases will be continued. A procurement procedure for administration and development of opendata portal was organised and a cooperation partner was found – Open Knowledge Estonia. The activities are supported by SF funds.
e.	Further development of the IT Academy programme.	x	x	x	x	x	x	x	Ministry of Education and Research	2 The activity is continued in accordance with the programme.
f.	Compilation of a development programme for the ICT sector, with one of the focuses being on a digital transition in industry				x	x	x	x	Ministry of Economic Affairs and Communications	A new added activity from the Government of the Republic action programme. Proposals for future activities have been worked out. The term of the programme is January 2018.
III. Increasing human capital capacity in order to achieve cross-sectoral objectives										
a.	To improve the quality of management training for entrepreneurs via central provision of international training competence.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The “programme of awareness on entrepreneurship” was founded. Specific activities, incl. management training, are determined in the annual work schedule of Enterprise Estonia.
b.	Implementation of the development programme for entrepreneurs.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The development programme for entrepreneurs entered into force in January 2016. Its implementation is continued.

c.	To continue supporting the support structures and export potential of creative economy and improving the awareness by support schemes for enterprises of creative economy.	x	x	x	x	x	x	x	Ministry of Culture, Ministry of Economic Affairs and Communications
10. To develop human capital in the area of research and to ensure the increment of engineers and key specialists									
a.	Increasing the income of doctoral students and improving the efficiency of doctoral studies.	x	x	x	x	x	x	x	Ministry of Education and Research
b.	To develop a research instruction system and implement measures for improving the quality and effectiveness of instruction, with the aim to increase the number of good and effective supervisors.	x	x	x	x	x	x	x	Ministry of Education and Research
c.	To continue supporting schools with doctoral programmes and develop further research centres of excellence.	x	x	x	x	x	x	x	Ministry of Education and Research

Implementation is continued.

From 1 September 2015, the social guarantees related to parental benefit and pension insurance of doctoral students receiving doctoral allowance were expanded. The state pays social tax on the doctoral allowance through the Ministry of Education and Research. Former legislation guaranteed doctoral students only health insurance. In addition, the doctoral allowance, which was 422 euro, was raised to 600 euros from 1 January 2018. Doctoral studies are supported by Kristjan Jaagu grant programme, "Dora Pluss" financed from ERDF and "Institutional development programme for R&D institutions and higher education institutions" that finances doctoral education institutions.

"Institutional development programme for R&D institutions and higher education institutions" financed from ERDF, which funds doctoral studies institutions, contributes to the improvement of the quality and efficiency of doctoral studies mentoring. Within the ASTRA measure, in total, 13 doctoral education institutions are supported. The principle condition of doctoral education institutions is an obligation to carry out activities in cooperation with different institutions through doctoral education institutions.

From 2016, doctoral education institutions are supported through the "Institutional development programme for R&D institutions and higher education institutions". In order to improve the central management of doctoral education institutions, the doctoral education institutions council was established at the Universities of Estonia in spring 2014 on the initiative of the doctoral education institutions. Eighteen applications were submitted by deadline to the support measure for centres of excellence (period 2014–2020), of which nine are financed. The measure is implemented smoothly. The implementer of the measure is SA Archimedes.

d.	To develop a researchers' career model with integrated solutions for social guarantees to the extent that it starts with entry into the research world and ends with exiting from it, from a post-doctorate that supports career mobility to working in an R&D company without jeopardising the continuation of one's career.		x	x	x	x	x	x	Ministry of Education and Research
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<p>The following activities have been launched to support the building of the career model:</p> <ul style="list-style-type: none"> - from 1 September 2015, the social guarantees of doctoral students were expanded; - through the programme "Mobilitas Pluss", opportunities are created for post-doctoral research and researchers that have passed abroad a post-doctoral programme or have been involved in comparative level research that return to Estonia are supported; - allocation of scholarships for the third academic level or so-called business doctoral studies within the activity "Scholarships for smart specialisation growth areas in higher education" is supported; - researches career survey has been conducted within the programme RITA, the results of which are used to create career models for academic professionals and to prepare amendments of legislation and the new Research and Development and Innovation Strategy. - during the updating of higher education legislation the relationships with the Research and Development Organisation Act are considered to provide input for building the academic professional career model.

11. Bringing transportation, ICT and other public infrastructure and institutions that support business to an international level

I. Improving air traffic connections									
a.	To support the security and rescue services at Tallinn Airport and regional airports.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications
b.	To develop air traffic connections with all major European business centres.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications
c.	To lengthen the Tallinn Airport runway and ensure ILS II-category.		x	x	x	x	x	x	Ministry of Economic Affairs and Communications
II. Better interoperability of the road and railway networks and the public transport system									
a.	To develop the Ülemiste passenger terminal and develop more connections with the airport.		x	x	x	x	x	x	Ministry of Economic Affairs and Communications
b.	To improve the speed and safety on main roads; to continue the reconstruction of the Tallinn-Tartu road into a four-lane road and the reconstruction of the Tallinn-Narva and Tallinn-Pärnu roads.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications

The activity is continued.
The activity is continued.
Cohesion Fund grant agreement was signed. Construction works in the air traffic area will be carried out in two stages in 2016–2017 and 2019–2020.

Will be performed when the Rail Baltic terminal is constructed. A design solution is prepared. Connection to the airport, including airport tramway construction is completed.
This will be carried out in accordance with the road management plan.

c.	To carry out an inventory of local roads in order to determine their conditions and traffic loads and to establish a national database of the network of national and local roads and streets under the National Register of Roads.	x	x	x	x	x	x		Ministry of Economic Affairs and Communications	The activity continues. The Estonian Road Administration has taken the lead role and continues to invest into local roads.
d.	To tighten the Tallinn-Tartu train schedule and reduce the duration of the journey by introducing new trains.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The passenger train schedule between Tallinn and Tartu has been made more frequent; however, in order to increase speed, the railroad section Tapa-Tartu will be repaired in 2015–2017. After the repairs are completed, it is possible to review whether it is possible to add additional departures. Construction works are underway. The frequency of Tallinn-Tartu passenger train schedule has been increased continuously and it is planned to add one additional rotations in 2019. In order to increase speed, the railroad section Tapa-Tartu was repaired in 2015–2017. To add additional speed up to 135 km/h in certain sections, it is planned to invest altogether 15 million euros into the Tallinn-Tartu railroad section in 2018–2020.
e.	Specifying the location of the Rail Baltic railway route corridor on the territory of the Republic of Estonia; initiation of planning.	x	x	x	x	x			Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of Rural Affairs	Rapla and Harju county plans have been submitted for supervision; however, official supervision procedures cannot be carried out before the SEA has been approved. The activity continues. The county plans were adopted in the middle of February 2018. It is possible to submit challenges to the plans until the middle of April.
f.	Development of a single electronic ticket system for all the types of public transport.	x	x	x	x	x			Ministry of Economic Affairs and Communications	From the second half of 2015, an integrated ticketing system is in use in Tartu and Tallinn, which means that public transport cards can be cross-used. From summer 2017, Pärnu was integrated into the ticketing system. The integrated ticketing system will not initially be introduced in Elron trains; however, it is considered as a further step. Preparations for the option to pay with a contactless bank card for a ride in public transport have been made. From 1 July 2018, the so-called free public transport scheme will be implemented in counties where passengers are not charged for the ride. The existing ticketing systems should enable cross-use so that the person can use public transport in several counties.
g.	To introduce flexible public transport solutions, such as on request buses, social transport or taxis, in sparsely populated areas.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	On-demand buses are used in five counties. In Lääne County, an on-demand line group will be introduced in 2019, which will be serviced only in case there are passengers. All public transport centres have been given the task to review the line network during 2018 and, if possible, use more on-demand lines.

h.	To improve access to public transport information; to introduce information systems that meet the needs of hearing-impaired and visually impaired people.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	This is implemented gradually. Presently, of 31 supported projects, 24 have been finished. During 2018, all projects will be completed, except for Tartu, Narva, Tapa, and Klooga. Tartu, Narva, and Tapa projects are large-scale projects that require more time to be completed. Klooga project is on hold, as Eesti Raudtee has a plan to reconstruct there a level crossing, which means that it has to be finished first (it is expected that the EVR project will be finished in 2020).
i.	To prepare guidelines and best practices on spatial planning and organisation of mobility for the use by state and local authorities and the private sector.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Finance	The Planning Act specifies that the minister responsible for the field may make regulations to establish requirements concerning the implementation of the principles of planning; the specifications of the manner in which the functions of spatial plans are to be fulfilled; the formalisation of spatial plans; the structure of spatial plans and the documents related to public disclosure and their preservation (subsection 3 (6)). The instructional materials of general planning and impact assessment and a draft regulation are being prepared.
j.	In order to increase the competitiveness of Estonian highway transport and freight carriage, investments in main highways and bridges that would allow the weight restrictions for trucks to be lifted, incl. during a three-year test period starting with 2015, the impact of the easing of gross weight restrictions on the condition of the roads and road maintenance costs will be monitored.		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Implementation of the road management plan 2014–2020. In accordance with the action programme of the Government of the Republic, the road management plan 2014–2020 will be amended along with the State Budget Strategy 2019–2023.
k.	A development plan for the regional railway network will be developed.			x	x	x			Ministry of Economic Affairs and Communications	A new activity based on the Government's action programme. The deadline was postponed to QII 2018.
l.	Establishment of an expert group on spatial use for bringing together national expertise on spatial use.				x	x			Government Office	The decision to establish a spatial design expert group was made on 3 July 2017. The deadline for completing of the tasks of the expert group is July 2018.
III. Developing the port infrastructure										
a.	The development of the Muuga commercial port as a container transport hub, which would service west-east and north-south trade flows.		x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The next steps in connection with Muuga multimodal terminal: (a) legal analysis (spring 2020), (b) analysis of potential financing models (summer 2018), (c) making agreements with Tallinna Sadam, EVR and, if necessary, operators (autumn 2018), (d) preparing and designing the detailed plan (2019–2020), (e) construction.

IV. Increasing the potential of information and communication technology networks									
a.	Introducing a new generation broadband connections everywhere by establishing a basic network in rural areas in Estonia and supporting access to the network (supported under the 2007–2013 measure "Improving access to the Internet in regions that use the new generation electronic communication network").	x	x	x	x	x			Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of Rural Affairs
b.	Preparing and implementing an action plan for the programme "10 million e-Estonians".		x	x	x	x	x	x	Ministry of Economic Affairs and Communications
c.	Developing, among other infrastructure investments (e.g., introducing sensor-based collection and forwarding of road information), the infrastructure for collecting real-time transport information.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications
d.	Supporting the development of trip planning and other transport information services, including mobile services, between modes of transport and/or services that are integrated with additional services.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications
e.	Developing the legislation facilitating safe introduction of autonomous vehicles and the relevant standards of interoperability, safety and monitoring.	x	x	x	x	x			Ministry of Economic Affairs and Communications
f.	Developing the Single Window applications further.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications

Establishment of the Internet-connection base network was supported; the network enables communication companies to establish later access networks for end-users. As at May 2015, with the help of SF, 2,715 km base network were established in 2007–2013. This activity is continued in 2014–2020 supported by SF in accordance with the investment plan. In addition, proposals are being put together to guarantee the so-called last mile connections. The activity has continued in the period of 2014–2020 funded by SF. As at 2017, 5,300 km were completed. To support the last mile construction, 10 million euros in 2018 and 10 million euros in 2019 have been allocated in the state budget. The measure regulation is being prepared.
The action plan was approved in July 2015 and it is being implemented. The e-residency programme was updated and the action plan was approved as part of the ICT development programme in autumn 2017 for the period of 2018–2020, incl. the extension of programme activities.
The activities of the implementation plan for 2014–2017 of the National Transport Development Plan 2014-2020 are being implemented.
The activities of the implementation plan for 2014–2017 of the National Transport Development Plan 2014-2020 are being implemented.
An amendment to the Traffic Act that entered into force on 14 July 2017 allows in traffic partially or fully automated or remotely controlled vehicles or self-driving delivery robots.
In maritime sector, the maritime information system (EMDE) is constantly improved and the information system is amended to ensure compliance with the changing requirements. The funds necessary for the development of the system are planned in the budget of the Maritime Administration.

ENVIRONMENTALLY SUSTAINABLE ECONOMY AND ENERGY

12. Implementing long-term structural changes in the energy sector in accordance with Estonia's energy security and energy efficiency objectives

a.	Continuing to increase the diversity of the portfolio of energy sources in order to maintain energy independence, including increasing the share of renewable energy sources and reducing the share of carbon-intensive energy sources. Amending the Development Plan of the Estonian Energy Sector in line with the developments of recent years.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Continuous activity.
b.	Preparing and implementing energy infrastructure projects to improve the internal energy market (LNG Terminal, BalticConnector, third interconnection with Latvia).	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Preparatory activities continue. The launch of 2020 Balticconnector and third Estonia-Latvia connection. The LNG terminal is a private project and the state does not plan to support it.
c.	Establishing common EU energy market rules, including measures implemented at the border of EU for avoiding carbon leakage.	x	x	x	x	x	x		Ministry of Economic Affairs and Communications	Discussions are being held in the energy working party of senior officials of the Baltic Council of Ministers. (A draft act is being prepared in the Lithuanian Parliament to regulate trading with third countries). The optimal measure, which will impose a transfer charge to electric energy from third countries, has been identified. Discussions of 3B are being held about its implementation schedule.
d.	Developing the electricity support scheme for electricity produced from renewable resources and via co-generation of heat and electricity.	x	x	x	x	x			Ministry of Economic Affairs and Communications	Continued activity. At the end of 2017, state aid permission to change the scheme was received. In 2018, Economic Affairs Committee of the Riigikogu will initiate a draft act to amend the Electricity Market Act to be in line with the approved state aid permission.
e.	Creating opportunities for Estonian renewable energy producers and developers for the implementation of the flexible cooperation mechanism specified in the renewable energy directive.			x	x	x	x	x	Ministry of Economic Affairs and Communications	Amendments of the Electricity Market Act are discussed in the Riigikogu. The first contract of statistics trade with Luxembourg was entered into. In 2018, the proposal of the expert group to the Economic Development Committee of the Government of the Republic was approved, which mandated the Ministry of Economic Affairs and Communications to create an additional position, the task of which would be to promote flexible cooperation mechanisms with the aim of making agreements of additional renewable energy sale with other Member States.

f.	Establishing a balanced electricity system and paying renewable energy supports to micro-producers.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Micro producers are paid support in accordance with the valid Electricity Market Act. An amending draft act regarding amendment of the Electricity Market Act submitted to the Rigikogu includes a proposal to extend payment of support to micro producers (< 15 kW equipment) until 2020. The rest of the producers that have not made irreversible expenses will be subject to a new aid scheme from 1 January 2018 based on which support is paid based on the results of competitive tendering. According to the issued state aid permission, it is planned to change the procedure of payment of the renewable energy support and make projects that begin from 1 January 2019 subject to competitive tendering. Amendments to the Electricity Market Act are necessary (see row 252).
g.	Development of a smart grid	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	From 1 January 2017 all Estonian electricity consumers are equipped with remote reading equipment that enables all consumers to benefit from dynamic electric energy price packages. The data exchange platform that exchanges communication between market participants regarding consumption data has been operating for several years.
h.	Preparation for the synchronisation of the power grid with the frequency bands used in the EU.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	Continued activity. A protocol of intent between interested countries is being prepared. An isolated operation test is planned to be performed in 2019. It is planned to achieve capability for permanent island operation in emergency in 2025. Synchronisation is planned in 2030. After the results of the ongoing studies are disclosed, a political decision will be made about the preferred technical solution of synchronisation by summer 2018. This will be followed by submission of projects to CEF application rounds in 2018–2020. The indicative final date of the project is 2025.
i.	Preparation and implementation of the development plan of the energy sector up until 2030				x	x	x	x	Ministry of Economic Affairs and Communications	The National Development Plan for the Energy Sector was adopted in October 2017; the implementation plan is being prepared.
j.	Drawing up and implementation of national programme for reducing certain atmospheric pollutants, 2020-2030					x	x	x	Ministry of the Environment	With the Directive 2016/2284/EU national commitments for reducing atmospheric pollutants by 2020 and 2030 have been set for the following substances: sulphur dioxide (SO ₂), nitrogen oxides (NO _x), fine particulate matter (PM _{2.5}), ammonia (NH ₃) and non-methane volatile organic compounds (VOC). In order to ensure the reduction commitment of atmospheric pollutants, national programme has to be established. The programme has to be presented to the European Commission by 1st of April 2019.

k.	Preparation of the climate and energy plan					x	x		Ministry of Economic Affairs and Communications, Ministry of the Environment
13. Reducing the general resource and energy intensity of the economy									
a.	Improving the energy efficiency of public sector buildings. To build new public sector buildings to be as energy efficient as possible.		x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Finance
b.	Supporting the investments into energy efficiency of apartment buildings.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of the Environment
c.	Developing environmentally friendly public transport by using the investment programme for gas and electric means of transport	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications, Ministry of Education and Research, Ministry of the Environment, Ministry of Social Affairs
d.	Planning that reduces forced movement, development of public transport and light traffic, enforcement of activities of the SF measure "Sustainable development of urban areas" and the SF measure "Sustainable development of the cities of Ida-Viru County".	x	x	x	x	x	x	x	Ministry of Finance, Ministry of Economic Affairs and Communications, Ministry of the Environment

This obligation arises from the new management system regulation of the EU Energy Union. It is hoped that the regulation can be adopted this year. The proposed regulation sets out the obligation for Member States to produce a national integrated energy and climate plan by 31 December 2018 and the final integrated energy and climate plan by 31 December 2019. In order to prepare the integrated energy and climate plan, a working party across ministries that will organise preparing of the plan has been established.

Continuous activity. A regulation was adopted to bring the existing public sector buildings into compliance with the energy efficiency minimum requirements. In 2017, a support measure for local authorities' rental residential buildings was launched, which aims at the erection of new class A buildings and the reconstruction of existing apartment buildings to be energy efficient.

Implementation is continued. 2014–2020 SF measure amounts to 102 million euros. As at 23 September 2017, the measure budget was covered with applications and accepting new applications was suspended. To continue with this support measure, additional financing for the period of 2019–2022 in the total sum of 100,000,000 euros is proposed during the State Budget Strategy negotiations.

The amount of the 2014–2020 SF measure for the promotion of gas transport is 9 million euros. As at the end of 2017, there were 6.3 million euros left in the measure; however, the interest in the support has significantly grown in Q1 2018.

In 2015, local authorities of urban areas prepared action plans forming the basis for applying for support. Based on the approved action plans, applications for support were received and reviewed in 2016. 37 financing decisions for urban areas light traffic projects have been adopted from both SF measures ("Sustainable development of urban areas" and "Sustainable development of the cities of Ida-Viru County"), that amounts over 21 mln Euros.

e.	Developing and implementing a system for auditing distance heating areas and an investment support scheme to increase the efficiency of district heating networks or to introduce alternative local heating solutions.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The third application round of the measure “Renovation of district heating boilers and switching of fuel” is opened and the results will be clear by the end of spring. The public is very interested in this measure. The measure “Construction of local heating systems to replace district heating systems” is open and consultations are being held with three local authorities. The budget of the measure “Preparing development plans for heating” has almost been used up and there are funds for a few applications in 2018.
f.	Creating the conditions for the establishment of energy cooperatives and energy service companies.	x	x	x	x	x			Ministry of Economic Affairs and Communications	Conditions are created in the Energy Sector Organisation Act.
g.	Promoting the use of renewable energy in small residential buildings and support the renovation of heating systems.	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	As at the end of 2016, 522 decisions to grant support in total 1,542,431 euros had been adopted, payments had been made in total 1,473,595 euros. Most popular heating equipment is air/water heat pump (207 applications), ground-source heat pump (126 applications) and pellet-burning appliances (81 applications). This support scheme ends in 2018. As at the end of 2017, payments have been made in total 1,602,674 euros. Most popular heating appliances are air/water heat pumps, ground-source heat pump and pellet-burning appliances.
h.	Reconstruction of street lighting systems.	x	x	x	x	x	x		Ministry of Economic Affairs and Communications	The second round of the SF measure “Renovation of street lighting infrastructure” will be opened in spring 2018 and the results will be known by the end of the summer. In the first round, support in the amount of 10 million euros with an average support percentage of 61.5% was distributed. 24 applicants received support.
i.	Developing collaborative renewable energy projects with other countries (within the framework of the renewable energy directive).			x	x	x	x	x	Ministry of Economic Affairs and Communications	In 2017, an agreement was made between the Republic of Estonia and the Grand Duchy of Luxembourg on trade of statistics within the cooperation mechanisms where Estonia is the selling party and Luxembourg is the buying party. Similar projects will be continued.
j.	Support/programme for the development of energy technologies.			x	x	x	x	x	Ministry of Economic Affairs and Communications	This is related to the National Development Plan for Energy Sector. At the beginning of 2018, Estonia joined the bioenergy technology programme at the International Energy Agency (IEA) and examines opportunities to participate in other IEA technology collaboration programmes. A national energy technology programme has not been developed due to the lack of resources. Energy sector activities are financed from programmes of general objectives (e.g. RITA programme). An important financer of the activity is the EU Horizon 2020 programme, which has granted funding to 35 Estonian project partners and the allocated aid is in total 11.9 million euros (source: “Estonian Potential in Framework programmes: Analysis and Policy Options”, Estonian Research Council 2018).

k.	Development of a new concept of environmental charges, taking into account the results of the analyses of the external cost of the use of the environment and of optimal remuneration of the oil shale sector.			x	x	x	x		Ministry of the Environment, Ministry of Finance, Ministry of Economic Affairs and Communications	The analysis of external impacts of exploitation of the environment and costs for society is being implemented and it will be completed by autumn 2019. The analysis of optimal charge for oil shale was completed at the end of 2016. Proposals based on the study were presented at the Government of the Republic cabinet meeting. An analysis of environmental charges system and renewal of economic measures influencing exploitation of environment and proposals will be prepared in 2019.
l.	Developing and implementing the companies' energy and resource efficiency measure (including BAT, resource audits, resource management systems).	x	x	x	x	x	x	x	Ministry of the Environment, Ministry of Economic Affairs and Communications	Activity is continued. This is financed from the 2014–2020 SF funds. The first series of information dissemination events where the general principles as well as specific subjects (e.g. waste, energy) were discussed within the activity "Improving awareness about energy and resource management" of the resource efficiency measure were conducted in 2016 and such events were also organised in 2017; visual materials and messages have been created. Individual consultations at companies were commenced. A resource audit manual and training plan were prepared within the activity "Conducting training sessions on energy and resource management" and the first training cycle was carried out in spring 2017. At the end of the training sessions, 24 persons received resource use specialist certificate. The second training cycle began in November 2017. The application rounds for the measure activities "Conducting energy and resource audits" and "Investments into the best possible resource efficient equipment" are open (respectively 1,000,000 euros and 35 million euros). The applications are being assessed and the first 26 audits have been carried out and six investment applications have been satisfied. A small application round and the regulation are being prepared. The investment application round will be opened to the entire processing industry (spring 2018). Additional resources were acquired from the Environmental programme of the Environmental Investment Centre for raising awareness about eco-innovation, which is one of the environmental priorities of Estonia's presidency (tightly connected to resource efficiency). A portal will be created, content marketing in Facebook and media portals will be commissioned, video clips will be made, and virtual courses will be organised. In October 2017, hackathon "Circular Economy 2017" was organised; the event introduced circular economy principles, including eco-innovation and resource efficiency.

m.	Preventing and reducing waste generation and increasing recycling and reuse of waste.	x	x	x	x	x	x	x	Ministry of the Environment	This is financed from the 2014–2020 SF funds. In the first application round of the resource efficiency measure activities, “Supporting preparations for waste reuse” and “Supporting recovery of waste”, two projects were granted financing, one of which was declined. A new round will be opened soon, where the focus is also on promoting separate collection of waste. Avoidance of waste generation and reuse is also supported from the Environmental programme of the Environmental Investment Centre.
n.	Implementation of measures to increase the use of vehicles that use alternative fuels (including biogas) (support measure to develop the biomethane production and filling stations infrastructure).	x	x	x	x	x	x	x	Ministry of Economic Affairs and Communications	The measure “The conditions and procedure for use of support intended to aid the development of biomethane market” is being implemented and as the result of the implementation of the measure, biomethane will be made available for end-users for the same price as natural gas. As the result of the measure, two or more biomethane production plants will be launched.
o.	Mapping of the socioeconomic value of ecosystem services and develop and implement a relevant assessment model.		x	x	x	x	x	x	Ministry of the Environment	The measure activity “Necessary tools for assessment, prognosis and accessibility of data of environmental status associated with biodiversity from socio-economic and climate change aspect” is being implemented. An action plan to map and assess ecosystem services as well as an analysis of what has been done in other countries and application aspects (University of Tartu) has been prepared. The action plan provides a list of suggestions that should be taken into account in ecosystem services assessment and mapping. Ecosystem services assessment and mapping at the state level is being carried out and a standard method for that purpose is being prepared.
p.	Preservation and restoration of ecosystems.		x	x	x	x	x	x	Ministry of the Environment	The measure “Preservation and recovery of protected species and habitats” is being implemented. The activities of all measures have begun and they are being implemented. Six open application rounds were announced; six Minister of the Environment orders regarding the conditions of granting support for the activities of implementing authorities have been approved.

q.	Developing the accounting and mining permits system for natural mineral resources in order to increase sufficient availability, economical use and security of supply of raw materials.	x	x	x	x	x			Ministry of the Environment	Supply certainty of construction minerals is assessed by the Environmental Board case-by-case basis, taking into account national interests when extraction permit is granted. Based on that, if necessary, the granting of a permit is refused if too many quarries are operational in the specific area or the Government of the Republic is requested a consent in case of refusal by the local authority to receive permit if supply certainty is not guaranteed. Supply certainty data are publicly available via the web, which can be used also for the assessment of a development project perspective. In addition, peat areas damaged by extraction and abandoned peat areas and peat areas suitable for extraction were made available in the map application of the Land Board. The application helps to find easily peat areas for which a permit can be applied for. The application also shows abandoned peat areas damaged by extraction, which the state is currently organising. In 2017–2018, it is planned to develop keeping study points of geological studies and laboratory samples data in the information system of the list of mineral deposits and adjust software to be in compliance with the changed legislation and administrative division. The new Earth's Crust Act entered into force on 1 January 2017 and set down a limit (1 year) to the processing of permits and included other amendments that contribute to achieving the objective.
r.	Developing and implementing a framework for emissions trading by sectors that do not belong to the emissions trading system (buildings, transport, agriculture, waste, etc.).	x	x	x	x	x	x	x	Ministry of the Environment	A study on the cost-effectiveness of the measures intended to reduce greenhouse gas emission from sectors not included in the greenhouse gas emission allowance trading system has being carried out. The results of the study will be presented in Q2 2018 and will be used as an input in compiling relevant development plans.
s.	Developing and implementing measures to reduce greenhouse gas emission from sectors not included in the greenhouse gas emission allowance trading system.				x	x	x	x	Ministry of the Environment, Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of Rural Affairs	MoE makes choices on the bases of a study on the cost-effectiveness of the measures intended to reduce greenhouse gas emission from sectors not included in the greenhouse gas emission allowance trading system and if needed, carries out additional studies to implement in cooperation with other ministries measures for reducing greenhouse gases most efficiently.
t.	Continuing the demolition of buildings that are no longer used and spoil the landscape.	x	x	x	x	x	x	x	Ministry of the Environment	Within the environmental programme, demolishing of agricultural, industrial or military buildings that according to the local authority spoil the landscape and are not in use and the handling of waste due to demolishing, including facilitating recovery and reuse and cleaning of the area.

u.	Implementing rotation ages in forest regeneration cutting, which take into account tree maturity to ensure the continuous flow of timber from forests and to increase volume increments.	x	x	x	x	x	x	x	Ministry of the Environment	This requires additional discussion in society. The amendment of the Forest Act reduced the rotation age only for the reason of health status in spruce stands of Ia and I quality class. The average prescribed cut in period 2011–2016 was 10.1 million m3 annually, the total increment in all forests was 15.9 million m3 in 2016 and the total increment of the managed forests was 14.1 million m3.
v.	The development and implementation of the fundamental principles of the Earth's crust policy in order to use earth and the mineral resources in a manner that creates high value for the society of Estonia, taking into account socio-economic, security, geological and environmental aspects. Establishing a state geology service.			x	x	x	x	x	Ministry of the Environment, Ministry of Economic Affairs and Communications	The Parliament (Riigikogu) adopted the "Principles of earth's crust policy until 2050" with its resolution on 6 June 2017. The state has to take into account the principles of the earth's crust long-term policy directions when designing earth's crust policy and when preparing and updating relevant national strategic development documents. The Geological Survey of Estonia was established.
w.	The promotion of the utilisation of timber to a greater extent.			x	x	x	x	x	Ministry of the Environment, Ministry of Finance, Ministry of Economic Affairs and Communications	In 2017, the "Study of taxation system and information need influencing forest and woodworking sector" was completed and "The analysis of possibilities for building public sector buildings as wooden buildings" is ongoing. The Ministry of the Environment plans to build a nearly zero-energy mostly wooden building as a pilot project of a public sector wooden house. For that purpose, the concept of an environmental house made of wood has been prepared.
z.	Following better the principles of resource efficiency when carrying out public procurements.			x	x	x	x	x	Ministry of the Environment, Ministry of Finance	Work is being done so that it would be possible to adopt compulsory criteria concerning four preferred fields (furniture, cleaning products and services, drawing and office paper, office IT equipment) by a regulation of the Government of the Republic. In 2016, a round table was organised in the four prioritised categories (with the producers and their associations). The criteria have been analysed and it was identified which criteria can be and which cannot be adjusted to Estonia's conditions. The procurement lawyers of the public sector have been constantly trained. In 2018, separate regulations to regulate the four categories will be prepared; these will become mandatory for the public sector after the adoption. In 2018, a procurement will be organised (Environmental Investment Centre project financing) to commission a study/analysis of environmentally sustainable public procurements, instructions; and five new categories will be prioritised and the criteria for the five categories will be worked out (the producers of the relevant sectors and public sector procurement lawyers will be involved).

y.	Development and implementation of the fundamental principles of the climate policy for 2050.		x	x	x	x	x	x	Ministry of the Environment	The Parliament (Riigikogu) approved the climate policy principles document on 5 April 2017. To achieve the objectives set down in the development document, the Ministry of the Environment contributes to working out of the development plans of the specific areas and prepares relevant analyses, if necessary.
z.	An analysis and proposals regarding charges, the distribution system, and pricing resources of the resources belonging to the state (except for oil shale)						x	x	Ministry of Economic Affairs and Communication, Ministry of the Environment, Ministry of Finance	Based on the proposal of social partners.
aa.	A draft act including the principles of an unlimited time system for setting oil shale differentiating prices						x	x	Ministry of Economic Affairs and Communication, Ministry of the Environment, Ministry of Finance	Based on the proposal of social partners.
ab.	Collection of sufficient amount of study data on mineral resources found in Estonia						x	x	Ministry of Economic Affairs and Communications, Ministry of the Environment	Based on the proposal of social partners.
ac.	Preparation of the circular economy strategy						x	x	Ministry of Economic Affairs and Communications, Ministry of the Environment	Based on the proposal of social partners.
ad.	Developing the use of oil shale in a way that ensures the highest possible efficiency factor and smaller footprint (incl. resource fees, R&D activities).			x	x	x	x	x	Ministry of the Environment	The best available techniques (BAT) for using oil shale have been described and based on the descriptions, BAT conclusions have been prepared (independent or co-burning of residual gases of oil shale pyrolysis, production of chemicals from oil shale pyrolysis waste, increasing the use of solid waste of oil shale processing). Introduction of the BAT conclusions package enables reducing pollutant emission into air, compensating deeper cleaning of smoke energy consumption by improving energy efficiency of energy consumption, and improving resource exploitation by recovery of oil shale ash in larger amounts. Based on the results of the analysis of optimal charge for oil shale, the Government of the Republic will make proposals to impose a charge on oil shale resource use in 2019 to achieve more efficient use of oil shale resource. As a result, the added value of oil shale will increase and the competitiveness of oil shale products will improve. In addition, the environmental status in the oil shale region will improve.

SUSTAINABLE AND ADAPTIVE STATE

14. Reaching a government sector budget surplus by 2014 and maintaining that position in the long-term

a.	Additional measures by the Tax and Customs Board to improve tax receipts (construction, catering, hospitality, fuels, public procurement).	x	x	x	x	x	x	x	Ministry of Finance
b.	To hold Government`s budget at least in cumulative balance or movent towards.	x	x	x	x	x	x	x	Ministry of Finance
15. To improve the sustainability of social expenditure in the public sector in the context of decreasing working-age population and ageing population, ensuring effective health care and well-oriented and effective social policy (including the necessary support services)									
a.	Preparation of a legislative intent for draft legislation concerning the compensation system of occupational accidents					x			Ministry of Social Affairs, Ministry of Finance
b.	De-institutionalisation of special care services and the introduction of special care services that are based on the needs of service users as well as the reorganisation of the special care infrastructure with the aim of supporting the development of a more person-focused and community-engaging service system.			x	x	x	x	x	Ministry of Social Affairs
c.	Comprehensive development of accessibility (including the mapping of the state of play and improvement of cooperation with local governments) and increase of awareness about universal design (including by organising a universal design competition).			x	x	x	x	x	Ministry of Social Affairs
16. To continue the budgetary policy supporting competitiveness (high level of productive expenses, increased flexibility, controlling public sector wage costs, planning the local government revenue base in state budget strategy									

Fight against undeclared wages – regular observations related to employment registration: regional and risk based.
Public procurements – preparing a standard contract for contracting authorities and ensuring that they use it.
Sector-based approach, main focus on construction and catering – cooperation and information exchange with professional associations.
Application of supervisory systems of fuel and storages.

The budget for 2016 had a structural surplus. According to the prognosis, a structural surplus, although smaller, will be achieved in 2017. The goal is set on a 0.5% structural deficit in the two next years and a structural deficit of 0.3% in 2020 to compensate the structural surplus in the three previous years.

Based on the decision made at the Government of the Republic meeting on 5 April 2018, a legislative intent must be prepared by the end of June 2018 and the financial impacts of insurance against accidents at work must be analysed so that business expenses of employers as a whole will not increase.

1,111 24-hour special care service places will be reorganised and 201 new community service places will be added within the framework of the welfare infrastructure development measure by 2019. The second application round was opened in November 2017 and decisions about approving applications will be made in the first half of 2018 for the reorganisation of c. 154 service places and the establishment of c. 200 new service places.
For adults with special mental needs, an individual specific service model developed as a result of the design project of special care services will be piloted.

The accessibility council formed in 2015 continues to work. In 2017, two council meetings were held and in 2018, it is intended to continue the work of the council and hold at least two council meetings.

a.	To increase gradually the state funding of private sector R&D expenses to 1% of GDP in order to create growth conditions for private sector R&D investments.	x	x	x	x	x	x	Ministry of Education and Research	To achieve this objective, the Ministry of Education and Research has submitted an additional request to the State Budget Strategy 2019–2022. The result depends on the budget negotiations. A task force formed at the Research and Development Council deals with the financing plan of long-term research.
b.	The continuation of the reform designed to centralise financial accounting, personnel management and wage calculation.	x	x	x	x	x		Ministry of Finance	The objective is to join all ministries and areas of government to the support services centre. The final report of the support services (TUTSE) project was submitted to the Government in the first half of 2017. All areas of government have joined the National Support Services Centre's accounting services, except for the Ministry of Defence, which will stay separate (their own central accounting unit has been formed at Defence Forces). Ministry of Finance, Ministry of Justice, Government Office, Ministry of the Environment, Ministry of Social Affairs have joined the procurement services of the National Support Services Centre. Foundations and one legal person governed by public law have joined the accounting services of the National Support Services Centre.
c.	Amendments to the State Budget Act aimed to wider implementation of multi-annual view, including keeping budget in structural balance on a multi-annual average basis				x	x		Ministry of Finance	A draft Act is being prepared.
17. Continuing gradual reduction of taxes on labour and profits and increase of taxes on consumption and									
a.	To increase further the excise duty on alcohol.		x	x	x	x	x	Ministry of Finance	Gradual increasing of excise duty until year 2020.
b.	To increase further the excise duty on tobacco.			x	x	x	x	Ministry of Finance	Gradual increasing of excise duty until year 2020.
c.	Application and implementation of time-based road use fee.			x	x	x		Ministry of Economic Affairs and Communications, Ministry of Finance	Imposition of time-based road use charge has been decided and a draft act, coordinated by the Ministry of Economic Affairs and Communications, has been prepared. Adoption of road use charges is expected in 2018.
18. Adaptation of the Government sector to changes in internal and external changes									
a.	To increase the financial autonomy of local authorities, the allocations intended for a specific purpose are added to the revenue base of local authorities				x	x	x	Ministry of Finance in cooperation with Ministry of Social Affairs, Ministry of Education and Research, Ministry of Economic Affairs and Communications and Ministry of the Environment	Continued activity in accordance with the Government of the Republic cabinet meeting decision of 21 September 2017.
b.	Development and implementation of activity plans for state reform.				x	x	x	Ministry of Finance	An action plan for state reform has been approved by the Government. The action plan includes activities until the first quarter of 2019. Several activities are being implemented. The action plan will be updated at the beginning of 2018.

c.	Revision of the tasks of state institutions and organisations established by the state, and increasing the efficiency of the management of institutions.			x	x	x	x		Ministry of Finance	The Ministry of Finance in cooperation with ministries of specific fields conducts analyses on various topics that potentially allow the reduction of doubling, saving or offering better services, incl. for example in agriculture, transport board, assembling support functions into a joint ministry building, in ICT services, resource use at courts, work organisation in state laboratories, in offering career services, reorganisation of museums, schools and hospitals networks.
d.	Activity plan and timeline for taking jobs out of the capital and implementing the activity plan.			x	x	x	x		Ministry of Finance	The analysis of tasks and location of governmental authorities and development of principles was submitted to the Government on 23 March 2017. An additional discussion about the authorities and counties was held in the Government on 5 December 2017. The deadline for implementation of the plan is March 2019. As at February 2018, 421 positions had been relocated from Tallinn and created in regions (the positions of the Defence Forces, which are not public, will be added).
e.	Activity plan and timeline for establishing state houses and implementing the activity plan.			x	x	x	x	x	Ministry of Finance	The action plan was discussed in the Government on 28 February 2017. At the beginning of 2018, the Ministry of Finance will present the Government a specific plan for creating state houses in every county. State houses in Rapla and Viljandi are being created.
f.	Enforcement of the action plan for making machine readable e-bills compulsory when dealing with the government.			x	x	x			Ministry of Finance	The action plan, the aim of which is to make compulsory machine-readable e-invoices when settling with the state is being implemented. The Riigikogu passed an act that amended the Accounting Act at the end of 2016, which stipulates that it is compulsory to submit e-invoices to public sector authorities when selling goods or retaining services from 1 January 2017. The Ministry of Finance is involved in creating the capability of the public sector authorities to accept e-invoices. However, many public sector authorities cannot accept e-invoices. All public sector authorities must accept e-invoices in accordance with the Accounting Act from March 2017. In 2018, the focus is on improving the authorities' capabilities, communication with partners and use of e-invoices when transacting with public sector authorities is planned to make compulsory.
g.	Changes in legislation based on the white paper on the ownership policy of state enterprises.			x	x	x			Ministry of Finance	To implement the White Paper on Participation Policy, the State Assets Act must be changed. The Government approved the amending draft State Assets Act on 4 January 2018. The Riigikogu has opened proceedings on the bill on amendment of the State Assets Act; the first reading of the bill is finished.
h.	Regular personnel- and salary analyses as input to the government budget strategy and yearly budgeting.	x	x	x	x	x	x	x	Ministry of Finance	Ongoing activity.
i.	Implementation of the plan to reduce the volume of lawmaking.		x	x	x	x			Ministry of Justice	Ongoing activity. The Minister of Justice presents an overview on the implementation of the plan once a year in September. The next overview will be presented in September 2018.

j.	Concept of the Government of the Republic Act and concept of the Organisation of the Public Administration Act.		x	x	x	x	x		Ministry of Justice	This was discussed at the cabinet meeting on 2 March 2017 and again at the meeting held on 5 April 2017. The term of the draft Government of the Republic Act and the explanatory memorandum is 1 March 2018 and the term of the draft Administrative Organisation Act and explanatory memorandum is 1 April 2018. The draft Acts will be sent for approval in spring 2018.
k.	Implementation of the zero bureaucracy programme.			x	x	x			Ministry of Economic Affairs and Communications	A task force was established to coordinate implementation of proposals on reduction of bureaucracy in spring 2016. The results of the work of the task force performed in 2016 will be introduced to the Government in Q2 2018 by the Minister of Economic Affairs and Infrastructure. In accordance with request of five ministers, the Government decided to extend the task force until the end of 2018.
l.	Project 3.0 (a joint project of Tax and Customs Board, Statistics Estonia, and the Bank of Estonia – possibilities are created for the automatic movement of data necessary for the state based on minimalism and simplicity)			x	x	x	x	x	Ministry of Finance	Based on the proposal made by social partners.
m.	Project Tax and Customs Board 2020 (technological and functional updating of eTax, creating open and integrated solutions)				x	x	x	x	Ministry of Finance	Based on the proposal made by social partners.
n.	Implementation of the Open Government Partnership action plan 2016-2018.			x	x	x	x	x	Government Office	Two-year action plans are prepared to participate in an international initiative. The term of the report on the action plan for 2016–2018 is November 2018. The term of the action plan for 2018–2020 is 31 August 2018.
o.	Public sector and social innovation task force proposals and their implementation.			x	x	x	x	x	Government Office	The task force for public sector and social innovation presented their proposals to the Government in autumn 2017. Currently, the proposals are being implemented.
p.	Establishment of an innovation unit in the common building of the ministries					x	x	x	Government Office	According to one proposal of the task force for public sector and social innovation, an innovation unit will be established in the common building of the ministries. The duty of the unit is to manage the process of resolving problems involving several authorities, coordinate the network of innovation enthusiasts, and organise service design training courses (c. 600 people have undergone the training in three years).
q.	Service design training					x	x		Government Office, Ministry of Finance	In order to increase the knowledge about service design in public sector, a training programme in cooperation with Velvet and Praxis has been launched. In two years, c. 100 people will undergo the training.

r.	Tax system competitiveness analysis (preferably on the basis of previously prepared studies) and industrial policy sectoral bottlenecks analysis in cooperation with Ministry of Economic Affairs and Communications, taking into account environmental and electricity fees and taxes						x			Based on the proposal made by social partners.
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