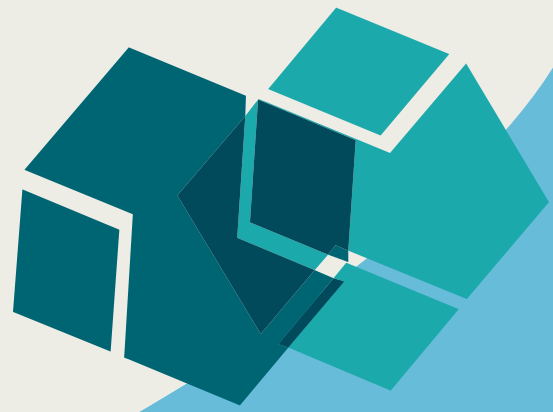




# Working Paper Series GRINCOH

Growth-Innovation-Competitiveness  
Fostering Cohesion in Central and Eastern Europe



Serie 8  
Cohesion and its Dimensions

Paper No. 8.03.01

## Kirde-Eesti Case Study Report

**Kaisa Granqvist\***

\*European Policies Research Centre, University of Strathclyde

**2014**

[www.grincoh.eu](http://www.grincoh.eu)

Kaisa Granqvist, [kaisa.granqvist@strath.ac.uk](mailto:kaisa.granqvist@strath.ac.uk)  
European Policies Research Centre, University of Strathclyde  
[www.eprc.strath.ac.uk](http://www.eprc.strath.ac.uk)

Please cite as:

Granqvist K., (2014), 'Kirde-Eesti case study report', GRINCOH Working Paper Series, Paper No. 8.03.01

## ***Kirde-Eesti case study report***

### **Abstract**

The aim of this report is to assess the achievements and effectiveness of Structural Funds activities that aim to develop human resources and especially labour markets in Kirde-Eesti region. In order to do so, the report discusses the factors determining the effectiveness of activities aiming at development of human resources, namely the strategic quality of the OP for Human Resource Development and the administrative capacity of the bodies managing and implementing it. The study is based on qualitative analysis of strategic documents, evaluations and academic literature as well as interviews with national and sub-national authorities.

### **Content**

1	Introduction .....	2
2	Regional Analysis, Selection of Europe 2020 Heading.....	2
2.1	Regional development in Kirde-Eesti .....	2
2.2	Kirde-Eesti and Human Resource Development .....	4
2.3	Cohesion Policy.....	6
3	Assessment of performance .....	9
3.1	Financial performance.....	9
3.2	Physical Performance .....	11
3.3	Added value.....	13
4	Strategic Quality.....	14
4.1	Strategic Quality of HRDOP .....	14
4.2	Addressing needs for development of human resources .....	16
5	Administrative capacity .....	18
5.1	Administrative structures.....	18
5.2	Human resources .....	18
5.3	HRDOP implementation .....	19
6	Conclusions .....	21
6.1	Programme Achievements .....	21
6.2	Strategic Quality .....	24
6.3	Administrative Capacity .....	25
6.4	Lessons Learnt .....	29
	Bibliography: .....	29
	Annex OP HRD 2007-2013 progress (by end 2012). .....	32

## **1 Introduction**

Estonia has experienced rapid national economic growth since the 1990s. This growth has been led by the capital Tallinn, which accounts for around half of the national population and GDP. At the same time, some counties, particularly those in Southern and North-Eastern Estonia, have lagged behind in development. Social problems are prominent in Kirde-Eesti<sup>1</sup>, a North-Eastern Estonian NUTS 3 region with an industrial past, which had the highest unemployment rate, the largest share of residents “at risk of poverty” and the highest crime rate in the country in 2010-2011.

In the absence of a strong domestic regional policy tradition in Estonia, the EU’s Structural Funds, along with the Cohesion Fund, represent a significant set of policy instruments in terms of financial volume. Structural Funds have provided new development possibilities for regions in Estonia, although due to the small size of the country Estonia has adopted a centralised administration and national Operational Programmes without explicit regional targeting in 2004-2006 and 2007-13 programme periods. In the 2007-13 programme period, Estonia implements three national OPs: Development of Economic Environment, Living Environment and for Human Resource Development.

The aim of this report is to assess the achievements and effectiveness of Structural Funds activities that aim to develop human resources and especially labour markets in Kirde-Eesti region. In order to do so, the report discusses the factors determining the effectiveness of activities aiming at development of human resources, namely the strategic quality of the OP for Human Resource Development and the administrative capacity of the bodies managing and implementing it. The study is based on qualitative analysis of strategic documents, evaluations and academic literature as well as interviews with national and sub-national authorities.

The following section provides an overview of the development needs of Kirde-Eesti and briefly introduces the Structural Funds programmes implemented in Estonia in the 2007-13 programme period. Section 3 sheds light on the performance of HRDOP and specifically labour market measures, in terms of financial and physical performance as well as added value. Section 4, assesses the quality of the programme strategy and Section 4 explores institutional structures and capacity. Lastly, Section 5 draws conclusions on the role of programme strategy and institutional capacity in explaining the overall performance and achievements of the OP.

## **2 Regional Analysis, Selection of Europe 2020 Heading**

### **2.1 Regional development in Kirde-Eesti**

In many ways, Estonia can be described as a successful converging economy: the division of employment by sector is close to that of the EU27 average; productivity has been growing and GDP per head has been increasing on average by 7% and 8% per annum. GDP per head (in PPS) was forecast to reach 75% of the EU 28 average in 2013, from 40% in 1991 (Kalvet 2010: 5).

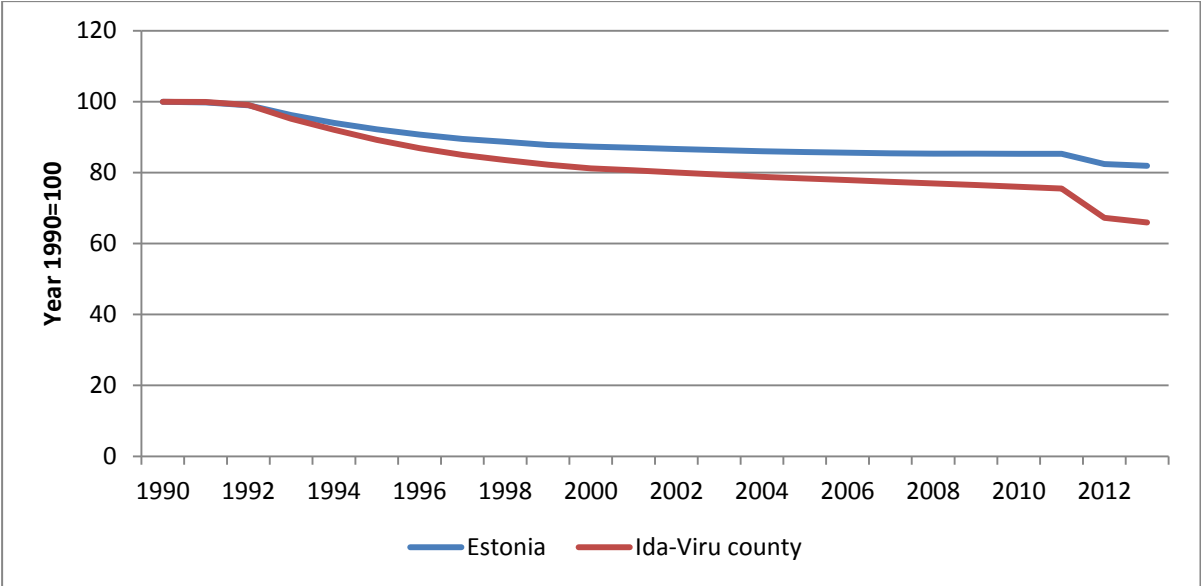
This economic growth has been heavily concentrated in Harju County, around the capital city Tallinn, which accounts for 43% of total population and 61% of the national GDP. Despite the small size of the country, regional development disparities are significant. In particular, counties in Southern and North-Eastern Estonia are continuously lagging behind in development, measured by GDP per capita, employment and the standard of living.

---

<sup>1</sup> Kirde-Eesti NUTS 3 region in North-East Estonia comprises of Ida-Viru county and is Ida-Virumaa from its historical name. This report uses term “Kirde-Eesti”, although the region is still more commonly known as Ida-Viru(maa).

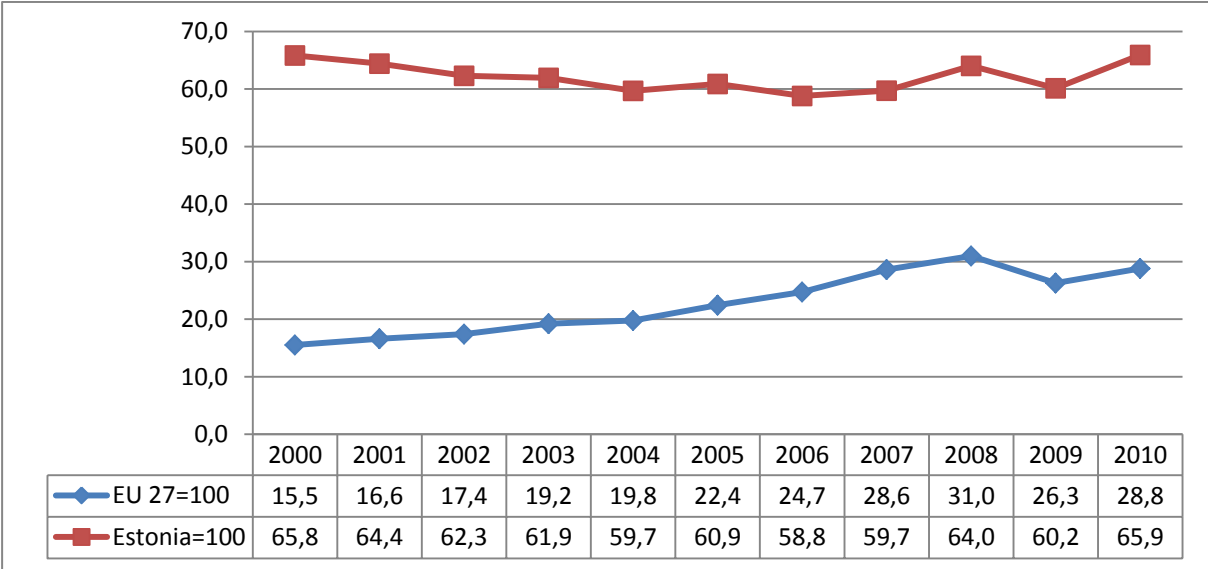
One of the counties with the most severe socio-economic problems is Kirde-Eesti (Ida Virumaa) NUTS 3 region. In the past 20 years, it has experienced substantial population loss, which has accelerated since 2010. Compared to the start of the current programme period in 2007, the population has declined by 15.1 percent, standing at 149,000 at the end of 2012. This population loss has been fuelled by continuous negative net-migration (Figure 1), causing a steep decline in working age population compared to other counties in Estonia. (Statistics Estonia 2013b.)

**Figure 1: Population growth in Kirde-Eesti, 1990-2012**



Source: Statistics Estonia

**Figure 2: GDP per capita in Kirde-Eesti 2000-2010**



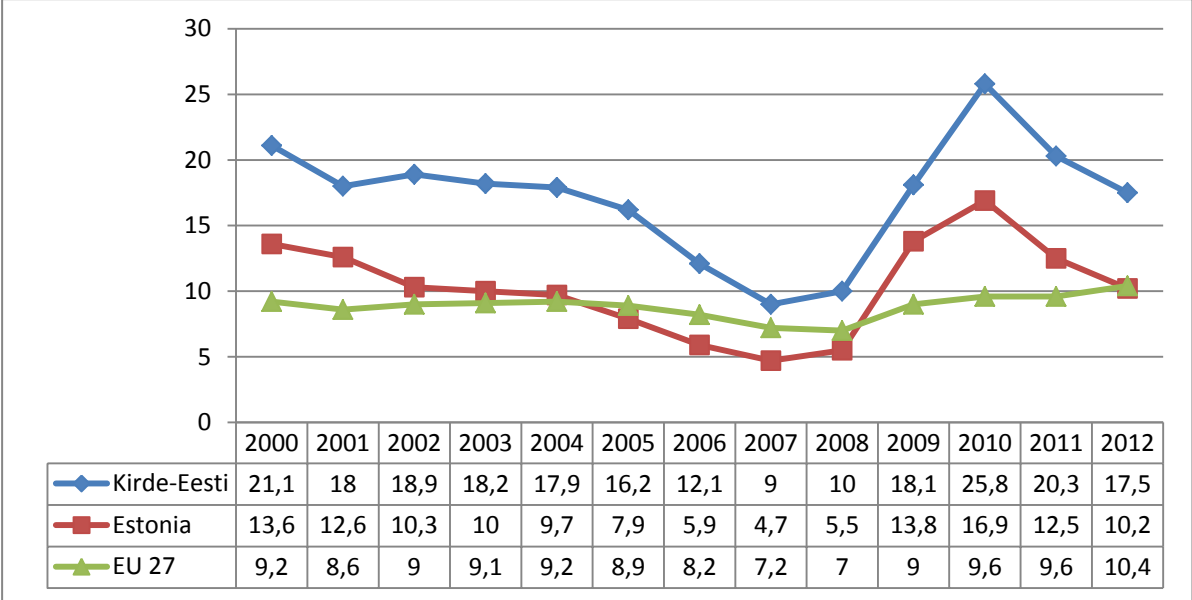
Note: Estonia=100, EU 27=100

Source: Eurostat

Moreover, the economic development of Kirde-Eesti has continuously lagged behind the rapid economic development that Estonia has experienced during the past twenty years. The economic crisis in the early 1990s had a stronger impact in Kirde-Eesti than Estonia in general and the economic recovery in the county has been rather modest and has not alleviated the problem of unemployment, which reached 21 percent in 2000. Also after Estonia’s EU accession in 2004, the

rates of GDP growth in Kirde-Eesti remained lower than the national average. However, the unemployment rate shrank to just 9 percent at the start of the programme period in 2007, which was its lowest level since 1993. In 2008-2009, GDP in Kirde-Eesti dropped by 25.2 percent and unemployment peaked at 25.8 percent in 2010. Although the economy has recovered slightly (Figure 2) and unemployment decreased to 17.2 percent by 2012, the crisis left Kirde-Eesti in a worse situation compared to the national average than before (Figure 3).

**Figure 3: Unemployment rate in Kirde-Eesti, 2000-2012**



Source: Eurostat, Statistics Estonia

**2.2 Kirde-Eesti and Human Resource Development**

Regional developments in Kirde-Eesti<sup>2</sup> are influenced by the industrial past of the region and its location, bordering Russia. During the Soviet era, Kirde-Eesti was a heavily industrialised region serving the St. Petersburg area. The reorientation of markets after the collapse of the Soviet Union, global economic transformation in the 1990s, and subsequent rapid de-industrialisation, affected Kirde-Eesti more than other less industrialised regions in Estonia. Since then, the rate of job creation has remained low and the downsizing of industries is ongoing (at least in terms of number of employees). Despite some restructuring, the Kirde-Eesti economy has continued to be dependent on processing raw materials, particularly oil shale, and on generating energy. Industrial production in the county accounts for around 13-14% of total industrial production in Estonia and energy production accounts for around 95 percent (Ida-Virumaa maavalitsus 2011: 14). Correspondingly, the secondary sector (manufacturing and construction) accounts for 50 percent of employment, the highest in Estonia, and the business structure is dominated by large companies. The share of SMEs is smaller than the Estonian average and the region is commonly perceived to lack “entrepreneurial spirit”.

As the region has historically relied on low skilled manufacturing jobs, the education level of the population in Kirde-Eesti remains below the Estonian average, with only 24.6 percent of the population with tertiary education and 14.8 percent with higher education (compared to the average of 31.3 percent with tertiary and 23.6 percent with higher education) (Statistics Estonia 2012: 50).

<sup>2</sup> An in-depth analysis of patterns of socio economic developments in Kirde-Eesti is provided in; Zimin Dmitry 2014, Kirde-Eesti-Estonia: Patterns of Socio-Economic Development, Case Study Report, Grincoh, WP 6, Task 3.

New companies and sectors are suffering from a shortage of qualified and experienced labour as the skills of the workforce do not correspond to the changing needs of the economy (Villikov 2013). There is also high unemployment. Many of the unemployed have preferred to rely on very modest welfare subsidies and informal income and Kirde-Eesti has remained among the poorest regions in Estonia, with the highest share (30%) of population at risk of poverty (Statistics Estonia 2013b: 30, 41)

In addition to its industrial heritage, some developments can be attributed to domestic policies. First, Estonian citizenship and immigration policy, promoting integration and “estonisation”, have not favoured the large ethnic Russian (speaking) population in Kirde-Eesti. The share of ethnic Russians is almost 73 percent in Kirde-Eesti compared to the Estonian average of 26 percent (Statistics Estonia 2013). These policies have made it very difficult for Russian speakers to compete with ethnic Estonians in the labour market and business life and have led to tensions between the state of Estonia and the large Russian population in the region. The problematic relations between Estonia and Russia have also prevented more intensive cross-border economic cooperation, which could have boosted the economy of Kirde-Eesti (Ida-Virumaa maavalitsus 2011: 11). Furthermore, Estonia’s neo-liberal economic policy, implemented since the early 1990s, coupled with strict austerity in the field of public finance, has meant that the state has not actively aimed to reduce regional disparities: *“There has not been strong regional policy in Estonia, not for Kirde-Eesti or other regions. Thus the development state of the regions very much derives from their starting points and the starting point for Ida-Viru was more negative and complicated than for other regions. In the situation of no particular policy, this is what they have been able to do in the regions”* (1<sup>st</sup> level intermediary).

**Table 4: Regional problems and regional development needs in Kirde-Eesti**

Underlying problem	Development needs in relation to human resources and labour markets
<b>Demographic challenges</b> <ul style="list-style-type: none"> <li>- Continuous outmigration consolidated by EU membership</li> <li>- Large non-Estonian population</li> </ul>	<ul style="list-style-type: none"> <li>- Counteracting outmigration</li> <li>- Integration of Russian speaking society</li> </ul>
<b>Stable and high unemployment</b> <ul style="list-style-type: none"> <li>- Structural long term unemployment ie. mismatch of the skills of the labour force and the changing needs of economy</li> </ul>	<ul style="list-style-type: none"> <li>- Skills development and activation of unemployed (both short and long term unemployed)</li> </ul>
<b>Low level of entrepreneurship and lack of services</b> <ul style="list-style-type: none"> <li>- Due to industry-reliant economy, the share of large companies is higher and entrepreneurs lower than in average.</li> <li>- Location bordering Russia</li> </ul>	<ul style="list-style-type: none"> <li>- Building competence around existing industry sector, utilising existing facilities and labour pool</li> <li>- Supporting “low economy” (e.g. tourist sector) and entrepreneurship to diversify economic structure and to create jobs</li> <li>- Encourage cross border co-operation, trade and attracting business from Russia</li> </ul>
<b>Administrative capacity</b> <ul style="list-style-type: none"> <li>- Politicised regional and local government Political composition of local and central government compared to national continues to hamper the development.</li> <li>- Low administrative capacity and skills for strategic planning and project management</li> </ul>	<ul style="list-style-type: none"> <li>- Developing skills based management</li> <li>- Developing administrative capacity and adapting strategic planning</li> </ul>
<b>Poor living environment</b> <ul style="list-style-type: none"> <li>- The infrastructure in the region is outdated</li> </ul>	<ul style="list-style-type: none"> <li>- Making the region more attractive place to live</li> </ul>

Source: Interviews

Nevertheless, there have been some positive developments in recent years. The area has remained attractive for large scale industrial investments and the active participation of employed people in training has increased in recent years (Siseministerium 2011). The main future development needs

of the region relate to the development of human resources and labour markets and can be identified as relevant for potential Cohesion Policy intervention (Table 4).

## **2.3 Cohesion Policy**

### *(i) Structural Funds Strategy 2007-13*

Kirde-Eesti has been eligible for Structural Funds assistance since Estonian accession to the EU in 2004<sup>3</sup>. In the 2004-2006 period, the whole of Estonia was designated as an Objective 1 region and similarly in the 2007-13 period the whole of Estonia implements the Convergence objective. As one of the smallest Member States in the EU, comprising one NUTS 2 region, Estonia has adopted a centralised approach to the implementation of Structural funds and implemented national programmes without explicit regional targets or predefined regional financial allocation in both periods. Instead of the one national development programme implemented in 2004-2006, Estonia implements three national thematic OPs in the 2007-13 period;

- OP for Human Resource Development (ESF)
- OP for Development of Economic Environment (ERDF +CF)
- OP for Development of Living Environment (ERDF).

### *(ii) Cohesion policy support for HRD*

For the 2007-13 programme period, the amount of Structural Funds assistance received by Estonia almost doubled compared to the previous, 2004-2006, period. Estonia benefits from a total of €3.4 billion of Structural and Cohesion Funds assistance, €1.86 billion ERDF, €391 million ESF, and €1.15 billion from the Cohesion Fund. The main focus in 2007-13 has remained on support of environmental and transport infrastructure investments, which account for 55 percent of funding (35 percent for environment). However, the total funding allocated for R&D and innovation (24 percent) and education and training (21 percent) has increased compared to the previous period. This is because of the increased emphasis placed on goals related to the knowledge-economy in the 2007-13 period when the lack of qualified labour became a growing constraint to further expansion of economy. In this regard, Estonia deviates from other CEE Member States; in Estonia substantially less funding (57.1%) is allocated to infrastructure and more (22.9%) to Human Capital than the CEE average (69.1% and 14.3%) and R&D and ITC (17.1 versus 13.5%). (KPMG 2012.)

Labour market development is addressed in all three Operational Programmes (see Table 25). Both, the OP for Development of Living Environment and the OP Economic Environment contribute to improvement of labour market conditions by developing infrastructure. The Human Resource Development OP (HRDOP) aims to contribute to reorienting Estonia's growing economy towards more high-technology and knowledge based industries, using resources to help the workforce to adapt to the new needs of business. Labour market issues are addressed mainly under Priority 3 "Good-quality and long working life" and Priority 4 "Knowledge and skills for innovative entrepreneurship", which account for 51% of Structural Funds assistance for the programme.

---

<sup>3</sup> Estonia received support under Phare programme (1992-2006) totalling EUR 275 million and Transition Facility (2006-2009) totalling EUR 18.5 million. The aim of this transition support was to develop the administrative system to comply with EU requirements and the transition facility continued similar projects as previous Phare-programme.

**Table 5: Structural Funds assistance by Operational Programmes and priority axis**

OP / Priority Axis	Community funding, EUR	% of total
<b>Development of Economic Environment</b>	<b>1 463 043 293</b>	
1 Innovation and growth capacities of enterprises (ERDF)	424 309 435	29%
2 <i>Enhancing the competitive ability of Estonian R&amp;D through research programmes and modernisation of higher education and research institutions</i> (ERDF)	310 223 307	21%
3 Transport investments of strategic importance (CF)	525 397 290	36%
4 Development of regional transport infrastructure (ERDF)	110 523 614	8%
5 Promotion of Information society (ERDF)	62 633 416	4%
6 Horizontal Technical Assistance (ERDF)	28 553 498	2%
7 Technical Assistance (ERDF)	1 402 733	(0.1%)
<b>Development of Living Environment</b>	<b>1 548 899 259</b>	
1 Development of water and waste management infrastructure (CF)	626 334 156	40%
2 Development of infrastructures and support systems for sustainable use of the environment (ERDF)	92 032 774	6%
3 Development of energy sector (ERDF)	28 760 241	2%
4 <i>Integral and balanced development of regions</i> (ERDF)	388 582 823	25%
5 <i>Development of education infrastructure</i> (ERDF)	212 765 713	14%
6 <i>Development of health and welfare infrastructure</i> (ERDF)	169 110 222	11%
7 Horizontal Technical Assistance (ERDF)	28 553 498	2%
8 Technical Assistance(ERDF)	2 759 832	(0.2%)
<b>Development of Human resources</b>	<b>391 517 329</b>	
1 Lifelong learning (ESF)	58 377 955	15%
2 <i>Developing the human resource for R&amp;D</i> (ESF)	102 754 815	26%
<b>3 <i>Good-quality and long working life</i> (ESF)</b>	132 361 024	34%
<b>4 <i>Knowledge and skills for innovative entrepreneurship</i> (ESF)</b>	68 257 641	17%
5 Enhancing administrative capacity (ESF)	21 587 565	6%
6 Horizontal Technical Assistance (ESF)	7 787 318	2%
7 Technical Assistance (ESF)	391 011	(0.1%)

Source: EPRC adaptation based on OPs

Priority 3 of the OPHRD “Good-quality and long working life” aims to ensure high employment rates and a satisfactory working life for Estonian people. Under the priority, special attention is paid to educating people in order to raise their qualifications, to improving the quality of the work environment, creating an integrated network of welfare services, promoting healthy lifestyles and to ensuring gender equality. The largest amount of support is delivered through the Unemployment Insurance Fund, which offers labour market services (e.g. wage subsidies, start-up grants, labour market training). Priority 4 “Knowledge and skills for innovative entrepreneurship” aims to train employees and business leaders and improve the availability of external consulting services. Start-ups are offered financial support (grants and loans) and training courses for individual development and existing businesses are offered the opportunity to hire a development manager. Assistance can also be used to raise the business-awareness of the residents in Estonia.

Compared to the 2004-06 period, labour market measures became more comprehensive: in addition to training and career services, the quality of working life and a special focus on health and equality-related activities appeared as new measures. A more comprehensive approach to start up support was also adopted, by providing start-up grants and loans and support for recruiting top specialists in addition to training. This change in approach to supporting labour markets can be traced to a shift in the Estonian Structural Funds strategy to strengthen the adoption of a knowledge based economy through training, re-training and integration of the inactive population in the labour market. (Richter 2013).



### *(iii) Management and implementation system of OPHRD*

Estonia has a centralised Structural Funds management system, with all the policy design and implementation undertaken by central government bodies. The functions of different bodies are defined in law.<sup>4</sup> The Ministry of Finance fulfils the functions of Managing Authority, Audit Authority and Certifying Authority. The separation of tasks is ensured by dividing them between different departments of the Ministry of Finance: MA functions are carried out by the Foreign Financing Department, Certifying Authority tasks by the EU Payment's Department and the role of Audit Authority by the Financial Control Department. As the MA, the Ministry of Finance organises the allocation of structural assistance across OPs and is responsible for creating and updating the necessary legal framework and for disbursing support payments.

Parts of the functions of the MA are dedicated to line ministries. Each OP has a leading ministry, which is responsible for fulfilling the objectives of the specific programme. The leading ministry for OPHRD is the Ministry of Education and Research. For each OP priority, there is a dedicated first level intermediary body, which is responsible for dealing with the implementation of the priority axis and with the development and implementation of specific measures. In the HRDOP, the first level intermediary bodies are: the Ministry of Education and Research (Priorities 1 &2), the Ministry of Social Affairs (Priority 3), the Ministry of Economics and Communications (Priority 4) and the Ministry of Finance (Priority 5). The tasks carried out by the 1st level intermediary bodies include:

- Planning financial resources in the framework of respective priority axis and measures
- Preparation of the principles for granting aid, the enactment of respective legislation
- Presenting data necessary for the reporting of the use of funds
- Monitoring and assistance under article 66
- Participation in the work of monitoring committees and compilation of monitoring reports
- Organising evaluations of granting and implementing assistance

The 2nd level intermediate bodies, mainly state agencies, are responsible for implementing measures. They receive applications, interact with applicants and distribute funds. The second level intermediaries in the HDROP are:

- Priority 1: Innove, Environmental Innovation Centre
- Priority 2: Archimedes
- Priority 3: Innove
- Priority 4: Enterprise Estonia, Kredex
- Priority 5: Ministry of Finance, Enterprise Estonia

In Estonia, the regional and local level authorities are not directly involved in Structural Funds administration. This is because the regional and local level administrative tiers are weak and there is no counterpart for the state at the regional or local level. In principle, the 15 counties are responsible for regional development and represent the interest of the state in the county. In practice, however, the power of the counties is limited and key tasks are centralised in sectoral ministries. Traditionally, the local governments have had an important role at the local level, but as many of the 205 municipalities are very small and have seen their resources diminishing, they have very limited scope to act as comprehensive development authorities. In order to fulfill their functions, local governments can also form associations of municipalities. Although the potential of these

---

<sup>4</sup> Perioodi 2007–2013 struktuuritoetuse sead (RT I2006, 59, 440), Perioodi 2007–2013 struktuuritoetuse andmist korraldavate asutuste määramine (RT I 2007, 34, 216).

associations to act as regional development bodies is perceived to be high, their status and tasks in the regions have not been institutionalised to date.

Two regional level organisations are however involved in implementing labour market measures of the HRDOP in Kirde-Eesti. Priority 3 is largely implemented through the Unemployment Insurance Fund (1.3.1), which is managed by a branch office of the National Labour Office (Tootuskassa). The regional business development centres, which are supervised by Enterprise Estonia, are involved in the implementation of Priority 4. The regional business development centres - in Kirde-Eesti this is Ida-Viru Ettevõtluskeskus (IVEK) - contact and consult with businesses and offer them courses and advice. This close, county-level support for business has been assessed to work generally well, including in Kirde-Eesti.<sup>5</sup>

### 3 Assessment of performance

#### 3.1 Financial performance

In 2004-2006, Estonia was one of the best performing Member States in terms of absorption capacity. By the end of the period, 106.72% of community assistance was committed and 98.94% paid (Final report of SPD 2004-2006). Compared to the majority of Member States, the funds were utilised quickly and without any major obstacles in absorption (Applica-Ismeri-wiiw 2008). In 2007-2013, The Estonian programmes continued to show good financial performance. At the end of November 2013, commitments stood at 95.92 percent and payments at 73.99%. Among the Estonian programmes, OPHRD has had the strongest financial performance throughout the programme period, with commitments standing at 96.48 percent and payments at 79 percent (Table 6).

**Table 6. Financial absorption of Estonian Ops (at 22.11.2013)**

OP	Commitment (million EUR)	Commitment (%)	Payment (million EUR)	Payment (%)
Human Resources	370.24	96.48%	303.39	79.06%
Economic Environment	1,445.01	95.04%	1,072.61	70.55%
Living Environment	1,402.49	97.77%	1,100.33	76.71%
Total	3,264,571,942.25	95.92%	2,518,295,863.47	73.99%

Source: <http://www.struktuurifondid.ee/struktuuritoetuse-kasutamise-kuulevaated/>

Although the overall financial progress of the OPHRD can be considered good, the financial progress between priority axes and measures varies considerably (Table 7). If technical assistance is not taken into consideration, commitments have been the highest in the priority axis 1 “Lifelong learning”, priority axis 2 “Developing human resources for R&D” and priority 3 “Good-quality and long working life” through the programme period. The Priority 4 “Knowledge and skills for innovative entrepreneurship” has progressed more slowly, although its performance has improved over time. Nevertheless, funding has been moved<sup>6</sup> from Priority 4 to tackle unemployment (€4,473,815 to Priority 3 and €1,917,350 to Priority 1).<sup>7</sup> This was due to slow absorption of Priority 4 during the economic crisis and the government’s commitment to boost the economy with Structural Funds.

<sup>5</sup> Interview, Intermediary body, Tallinn, 25/9/2013.

<sup>6</sup> Programme amendment C (2011) 6565.

<sup>7</sup> Increasing funding led to an increase in the cost of training provision and counselling, and therefore the increase in the training activities offered was smaller than intended.

Indeed, the overall good absorption of funds can be partly explained by the decision to bring forwards funding from the HRDOP budgeted for the late programme period in order to mitigate impacts of the crisis.

**Table 7. Financial absorption of HRDOP (at 22.11.2013)**

Priority	Commitment (EUR)	Commitment (%)	Payment (EUR)	Payment (%)
Lifelong learning	57.38	98.29%	48.21	82.58%
Developing human resources for R&D	102.73	99.98%	67.98	66.16%
Good-quality and long working life	129.00	97.46%	118.02	89.16%
Knowledge and skills for innovative entrepreneurship	59.99	87.89%	51.87	75.99%
Administrative capacity	20.72	96.02%	16.92	78.37%
Technical assistance	0.41	104.02%	0.39	100.00%
Total	370.24	96.48%	303.39	79.06%

Source: <http://www.strukturifondid.ee/struktuuritoetuse-kasutamise-kuuulevaated/>

The funding allocations of HRDOP are monitored at NUTS 3 level but there are no regional allocations set out in the OP to compare this with. A significant share of the financing (around 76%) of HRDOP is channelled through national programmes and activities, which are mainly implemented at national rather than sub-national levels (AIR 2012: 11). When looking at the financing allocated outside of the national programmes, the commitments and payments<sup>8</sup> concentrate on Harju county (17% of commitments) followed by Tartu (1.8%) and Kirde-Eesti (1.45%). Only around €5.6 million of the EU allocation for these was committed and €4.9 million paid in Kirde-Eesti, most (73.8%) of this under Priority 3 “Good-quality and long working life” (see Table 8). Under this priority, most funding was received under the measures “Increasing the availability of qualified labour force” (€3,621,777 committed) and “Active labour market measures supporting welfare measures” (€486,179). Significantly less (€763,921) funding was committed under the other priority, Priority 1.4 “Knowledge and skills for innovative entrepreneurship” supporting labour market development. From 8 measures implemented under the priority, Kirde-Eesti has received funding only under two; “Start-up and development grant” (€472,634) and “Development of knowledge and skills grant” (€296,261).

**Table 8. Absorption of HRDOP in Kirde-Eesti, breakdown by priority axis**

Priority/ OP	Committments		Payments	
	EU contribution (EUR)	Priority axis /total OP (%)	EU contribution	Priority axis /total OP (%)
1.1 Lifelong learning	144,362	2.58	144,362	2.94
1.2 Developing the human resource for R&D	368,909	6.60	228,471	4.65
1.3 Good-quality and long working life	4,126,182	73.78	3,583,720	73.00
1.4 Knowledge and skills for innovative entrepreneurship	768,896	13.75	768,896	15.67
1.5 Administrative Capacity	184,061	3.29	184,061	3.75
<b>Human resource development</b>	<b>5,592,410</b>	<b>100.00</b>	<b>4,909,510</b>	<b>100.00</b>

Source: *Strukturivahendite statistika seisuga 11 2013* <http://www.strukturifondid.ee/struktuuritoetuse-kasutamise-kuuulevaated/>

It has to be noted, that although the share of funding allocated to Kirde-Eesti under the HRDOP is rather minor, if all three Estonian OPs are taken into account, 11.9% of commitments and 10.3% of

<sup>8</sup> This includes the funding benefitting the regions through the national programmes.

payments are made in Kirde-Eesti. These are the third highest after Harju and Tartu counties. This is because around 16% of total commitments and 13% total payments made under the OPDLE, which has a significantly larger budget than OPHRD, are made in Kirde-Eesti (Table 9). Overall, Kirde-Eesti has received the largest amounts of funding under OPLDE Priority 1, “Development of water and waste management infrastructure” and priority axis 4 “integrated balanced development of regions”.

**Table 9: Commitments and Payments in Kirde-Eesti breakdown by priority axis (May 2013)**

OP	Commitments				Payments			
	EU contribution (EUR)	EU contribution of total (%)	Total contribution (EUR)	Total contribution of total (%)	EU contribution (EUR)	EU contribution of total (%)	Total contribution (EUR)	Total contribution of total (%)
Human Resources	5,352,302	1.5	6,637,603	1.5	4,721,315	1.7	5,880,599	1.7
Living Environment	222,047,87	15.9	290,183,13	16.3	121,188,931	13.0	150,973,911	12.6
Economic Environment	27,308,161	2.0	51,541,743	2.8	20,721,580	2.2	40,338,578	3.0

Note: commitments and payments at 31.5 2013.

Source: Struktuurivahendite statistika seisuga 05 2013 (<http://www.struktuurifondid.ee/struktuuritoetuse-kasutamise-kuuulevaated/>)

### 3.2 Physical Performance

The overall assessment of physical progress of Estonian OPs is positive (e.g. Kalvet 2012; OPHRD AIR 2012). The physical progress of OPHRD has been the fastest, for example by 2010 55% of OPHRD, 43% OPDEE, 39% of OPLDE target indicators had been achieved (Interim 2011:29). The physical progress of the OPHRD is followed through 86 indicators (see Annex ) of which 56 met their target levels for 2010 and nearly half (42) of the indicators reached the 2013 target levels by the end of 2012.<sup>9</sup> It is likely that the majority of OPHRD targets will be met by the end of the programme period. However, it is not possible to assess the progress of the HRDOP in Kirde-Eesti, as the indicators are reported only at the national level.

There are large variations in progress between individual indicators, as well as priority areas, mainly because of differences in initial target levels set and the changing economic environment. Priority 2 “Developing human resource for R&D” and Priority 1 “Lifelong Learning” have performed especially well in fulfilling the indicators and no problems are foreseen for Priority 5 “Enhancing administrative capacity” in reaching its targets. Adult participation in lifelong learning has been extended to 12 percent of the population in 2012 (from 6.5 percent in 2011) and although youth unemployment has not been a specific target in Estonia, career services covered more than 95 percent of the priority target groups of young people. Also, co-operation between companies and research institutions increased significantly, well over the targets set and the number of scientists has increased (Strategic Report 2012). More specifically, under Priority 1, the objective “Increased participation in lifelong learning according to ability and need” and the objective “Study in general and vocational education is a high quality and in accordance with the needs of learners and society”, targets have been mostly achieved. However, this performance can be explained by the very modest targets set for these objectives. Reaching impact indicators has proved more difficult, mainly because these indicators cover general parameters of the socio-economic situation and the educational system.

<sup>9</sup> Achievement of 11 indicators was not known.

Looking at the labour market measures (Priority 3 and 4), progress has been inconsistent (see Annex). All in all, Priority 3 has progressed towards fulfilling the indicators related to both of its objectives “Supply of qualified labour has increased” and “Quality of working life has improved”, and there is no significant under- or over fulfilment. Although the target levels for indicator “recipients of the labour market services” was raised from 85 000 to 91 600 in 2010, the indicator has been over fulfilled. This is due to the sharp increase of unemployment, and subsequent demand for unemployment services, resulting from the economic recession (AIR 2012). Although, the result indicators for recipients of labour market services finding work have not met the targets, evaluation of the wage subsidy (42 percent of the funding for labour market services) concluded that six months after exit from the programme the probability of recipients of labour market services being employed is approximately 56 percent higher and after 18 months approximately 30 percent higher than for the control group. The probability of persons participating in training being employed 6 months after programme entry is 5.8 points higher than for the control group (Anspal et al 2012). In addition, the Strategic Report 2012 concluded that Structural Funds have impacted in developing and offering relevant labour market services. For example, in 2010 only one in ten of the unemployed participated in these services but in 2012 one in three took part.

In the OP amendment 2010, new indicators were added to measure health awareness and quality of working life. The previous set of indicators was seen as too general and the number of indicators insufficient compared to the number of measures (Interim 2011: 29). In principle, all of these new indicators measuring increased health awareness have achieved their targets. The evaluation of the health awareness measure (Ernst & Young 2012) however concluded that the activities had only very limited impact on number of people dropping out from labour markets because of health issues. There are also some problems with the impact indicator “Employment gap between childless people and parents of young children in the 20-50 age group” (Interim 2011: 29) and the impact indicator reflecting gender equality which, compared to the start of the period, has improved little, if at all (Intermediary 2013). On the other hand, the important impact indicator “activity rate” (15-64 year olds) is very close to the target level.

Achievements of the objectives of the whole operational programme are significantly influenced by Priority 4 (Knowledge and skills for innovative entrepreneurship) where the attainment of target levels has been inconsistent (AIR 2012). Only two of 14 indicators have achieved the target levels for 2013, and it is estimated that only around half of the indicators will reach the targets by the end of the programme period. Low fulfilment levels can be explained by setting fairly ambitious target levels and changes in the external environment. In addition, some indicators have proved to be difficult to measure and there is no information about the fulfilment of seven indicators (AIR 2012). With regard to reaching the target levels, the indicators measuring progress toward the objective “more and viable enterprises” were successful (Interim 2011). However, funding for the measure ran out in 2011 and since then, the measure has been supported from domestic funds (Intermediary 2013). The progress of the indicator measuring hiring highly qualified personnel has been slow, mainly because of low interest from enterprises (Interim 2011). Despite these problems, the implementation of the priority can be considered good (Intermediary 2013). The evaluation (Jaaksoo et al 2012) found that start-up and knowledge and skills support grants had positive effects on companies’ economic performance, although some deadweight costs were found and significant number of companies ended in bankruptcy.

### 3.3 Added value

EU membership has fostered modernisation of public management in Estonia; however, accession to the EU did not have the decisive effect on public administration reforms. To a great extent, the basic framework for local and regional government was already created before opening EU accession negotiations and the five NUTS 3 regions above the county level have remained purely statistical regions in Estonia (Kettunen & Kungla 2005: 363, 367). Policy implementation has remained centralised as the Ministry of Finance and line ministries, which had experience in managing pre-accession support, took the main responsibility over the management together with state agencies. Some beneficiaries and intermediaries were integrated or created based on existing institutions including Enterprise Estonia, KredEx and Agricultural Registrars and Information Board. Also some state agencies established regional units to assist in implementation e.g. Enterprise Estonia the Country Business Development Centres (Kallas et al 2005). In financial terms, the strategic contribution of Cohesion policy in key policy areas is important. For example in 2007-2011, approximately 80 percent of labour market and 90 percent of business development measures were financed by Structural funds (Strategic Report 2012). This is despite the fact that striving for a knowledge-based economy has been an important domestic policy goal for Estonia and in this context, human resource development and competitiveness of enterprises were policy priorities before Cohesion policy support was available (Applica-Ismeri-wiiw 2008). The interviewees had some concerns relating to over-reliance on Structural Funds assistance and the substitution rather than complementary effect of Structural Funds. It was generally agreed that substitution has been apparent in some policy areas e.g. road construction whereas in others such as enterprise support it has managed to trigger additional public and private financing. There are some positive examples of leverage effect of Structural Funds in Kirde-Eesti, for example in relation to constructing and modernizing education facilities:

*“In Sillamäe, where Structural Funds invested in Vocation Education and Training facilities, a large company Sillmet was immediately interested in co-investing and building for example renovated streets and other related infrastructure. I doubt that without Structural Funds investment Sillmet would have contributed to local development they would feel that state does not want to support them”.*<sup>10</sup>

Beyond this, Structural Funds financial assistance has accelerated economic growth in Kirde-Eesti. Overall, infrastructure projects have provided the largest added value in the region, although also the support provided to higher education institutions (Virumaa College of Tallinn University of Technology and University of Tartu Narva Kolledz) have had important regional impacts, in terms of developing human resources and innovativeness. For example Virumaa College of Tallinn University of Technology plays an important role in coordinating and monitoring developments in the field of oil shale industry and Narva Kolledz has supported entrepreneurial learning (Ida-Viru regionaalrengu 2013: 16).

Overall, the spending and effects of Structural Funds in Kirde-Eesti reflect the Estonian approach to regional development. The definition of regional development policy has remained narrow, referring in principle to regionally targeted infrastructure development outside of the capital and Tartu regions, which receive vast majority of funding for development of businesses, RDI and human resources. Indeed, regional policy practices have been criticised for supporting public services and “good-life infrastructure” following the overwhelming interest of small municipalities rather than

---

<sup>10</sup> Interview, policy maker, Ministry of Education and Research, Tallinn 25/9/13.

tackling with the most pressing problems such as economic restructuring and unemployment in disadvantaged areas (e.g. Raagmaa et al 2013: 10).

Overall, EU requirements for the preparation of national development plans and different sector strategies have been a significant push factors for strategic long-term planning, co-ordination of policies between different sectors and adopting principles of sound financial management (see Applica-Ismeri-wiiw 2008: 15; Kalvet 2010: 7). Nevertheless, the capacity for strategic planning and programming remains low; and unnecessarily high number of parallel and overlapping sector strategies has been produced, peaking at around 120 and then dropping to 60 in recent years, which in many cases do not have a clear link between the planned objectives and the available budget. Domestic strategy design and implementation has also remained sectoral and centralised, which, at best, fulfils the minimal requirements of the principle of partnership (Kettunen & Kungla 2005: 367). The interviewees noted that over time, the quality of domestic strategies and policy learning has continuously improved, although the evaluation culture remains still somewhat weak;

*“We have not used to have this part of policy cycle or evaluate the past experiences and make decisions based on that. There are plenty of examples where studies and evaluations are seen as a waste of time”.*<sup>11</sup>

## **4 Strategic Quality**

### **4.1 Strategic Quality of HRDOP**

The HRDOP preparation process was well organised and progressed with considerable purpose and pace. The preparation of the HRDOP was the responsibility of the Ministry of Education and Research. Input for each priority axis came from the responsible first level intermediary body (see Section 2.3 (iii)) and working groups established for preparing each priority axis. These working groups included representatives of ministries, implementing agencies and social partners. Preparation of all three Estonian OPs was co-ordinated through an Inter-ministerial Working Group that consisted of participants from all relevant ministries (HRDOP 2007: 8). The personnel participating in the programming was generally experienced, many having already participated in programming in the 2004-2006 period. Despite the smooth process and experiences staff, there were problems with formulating objectives and a robust intervention logic for the OPs (see Interim 2011: 6).

The three Estonian OPs were designed around the long standing national development objectives of a wide variety of sectors, set out in the various national policy documents. Although this can be considered as a strength of the Estonian OPs, it was done without clear prioritisation of either supported sectors or objectives. Consequently, the HRDOP strategy is very broad, lacking clear strategic focus and well-defined objectives. The broadness of the strategy can also be tracked back to the sectoral approach taken to programming. As the content of each priority area came from a different sector ministry, the financial pressures and ministries interest in addressing all the areas under their regime shape the OP strategy. Furthermore, as the leadership was shared between bodies, none of them had the authority or willingness to make clear strategic choices. According to a more critical view, the OP strategy was left broad because of commitment of the Estonian

---

<sup>11</sup> Interview, policy maker, Ministry of Education and Research, Tallinn 23/9/13.

Government to fast absorption: *“the thing is that no-one wants a concrete strategy and setting very specific targets because the number one priority is ‘let’s bring money home’”*.<sup>12</sup>

In addition to clear strategic goals, the OP lacks a robust intervention logic. This is mainly because of insufficient mapping of development needs, a great number of small and scattered measures and unrealistic indicators (see Interim 2011). The interviewees commonly agreed that the analysis of (regional) development needs was not comprehensive:

*“We did not look at the overall development needs of Estonia for the next 10 years. No one knows exactly what the core problems are, and there is no understanding of the links between the problems and outcomes”*.<sup>13</sup>

It was also commonly agreed that planned measures lacked a comprehensive and complementary approach for addressing development problems. This was because programmes were implemented through a high number of measures, leading to overlaps, administrative burden and scattered results:

*“There have been many changes in measure level; we open them, close them and rewrite them all the time. We all desire less measures, which would be broader and more stable. We need to be more selective and targeted in the measures. This depends also on background knowledge – what is the current situation and where we want to be and how to get there. Then leave everything else out”*.<sup>14</sup>

*“It would be important to choose the activities, which solve the key problems, and address them systematically. I think that many activities are done in a way that let’s do little bit of this and a little bit of that. Then you notice that only small group of beneficiaries has been covered and the overall impact is missing”*.<sup>15</sup>

The interviewees commonly agreed that the strategic quality of the HRDOP would improve, if the most pressing development needs and regional development problems were better analysed and systematically addressed - narrowing down the focus of interventions on these problems. According to the interviewees, this should be complemented with a monitoring and indicator system that would capture the results better (see Interim 2011). In the current period, there have been problems in setting target values and indicators, which could measure the results and impacts of the implemented measures. This has led to amendment of indicators during the programme period and some intermediaries using additional set of indicators:

*“Indicators were set for the HRDOP and when we planned our activities in more detailed level, it turned out that these indicators were not enough to cover the activities or goals. That’s why we amended our indicators in the middle of the programme period”*.<sup>16</sup>

*“We analysed the objectives and HRDOP indicators and changed many of them in-house. We discussed them with ministries and they were very pleased. With our indicators, we can monitor the progress towards targets in a better way”*.<sup>17</sup>

---

<sup>12</sup> Interview, Intermediary Body, Tallinn, 26/9/13.

<sup>13</sup> Interview, policy maker, Ministry of Interior, Tallinn, 24/9/13.

<sup>14</sup> Interview, policy maker, Ministry of Economic Affairs and Communication, Tallinn 25/9/13.

<sup>15</sup> Interview, policy maker, Ministry of Social Affairs, Tallinn 26/9/13.

<sup>16</sup> Interview, Intermediary Body, Tallinn, 27/9/2013.

<sup>17</sup> Interview, Intermediary Body, Tallinn, 27/9/2013.



## 4.2 Addressing needs for development of human resources

Despite the problems in “strategic capacity” in programming, the overall balance of distribution of funding was found generally suitable for the development needs of Estonia. The interviewees deemed the clear decision to focus on building and modernising infrastructure justifiable, although the government’s commitment on fast financial absorption was seen as one underlying reason for this decision:

*“In 2004, there was a lot of discussion that Estonia should not take the route of Southern European countries, which have built a lot of infrastructure in areas with low development potential, but we have done it anyway. We have invested heavily in main roads and environmental infrastructure (...). In 2007-13, there was a strategic shift towards supporting knowledge economy but at a certain point in programming another logic comes into the picture. It is much easier to administer infrastructure projects than involve counties in softer, smaller and state aid like measures. This has been also the choice in overall budgetary procedure. If you have to decide, which sector to invest in with Structural Funds and which with national funds, Structural Funds are used to fund large scale infrastructure projects because they are easier to manage.”<sup>18</sup>*

*If you look at AIRs, you can find the actual work that we are doing extremely well because we are spending the money rapidly. I think it nicely illustrates the overall focus”<sup>19</sup>.* Rather than questioning the strategic choice to focus on infrastructure development, the interviewees stressed the lack of rounded strategy to address the development needs of regions. This was because although the funding (PPS) was evenly distributed between counties, the measures advancing creation of knowledge based society, mainly labour market and business support, heavily concentrate on the main urban regions, Tallinn and Tartu, whereas the rest of the Estonia, including Kirde-Eesti, has benefitted mainly from funding for development of public infrastructure;

*“If you took at the investments made to business or labour market, those investments are concentrating in Tallinn and Tartu. If you are looking those investments that are made into these public services, they are vice versa. So that business and employment related investments are not backing up the investments made to public services. This is in a broad sense the biggest mistake that we have made in Estonia. We do not have a parallel strategy to create new jobs”.<sup>20</sup>*

*“ The unemployment differences still remain large because ESF can only offer training, not create new businesses and working places. If we take projects that are targeted on increasing economic activity, the goal of those projects is to support export-orientated growth companies. In this sense it is not only the regional perspective that is lacking but the overall economic policy on not focusing on average performing SMEs - low growth, low economy SMEs”.<sup>21</sup>*

The experiences of regional level actors support these findings. The regional actors viewed that the overall funding for the region had been sufficient, particularly taken the absorption capacity of Kirde-Eesti. The development needs were addressed well in fields such as water and waste management, renovation of social infrastructure, road construction and tourism but fewer opportunities were to support local firms implementing investment projects as well as small business, to boost job creation. The regional level interviewees pointed out that the national policy makers should be more aware of

---

<sup>18</sup> Interview, policy maker, Ministry of Interior, Tallinn, 24/9/13.

<sup>19</sup> Interview, academic expert, Tallinn, 20/9/13.

<sup>20</sup> Interview, policy maker, Ministry of Interior, Tallinn, 24/9/13.

<sup>21</sup> Interview, policy maker, Ministry of Social Affairs, Tallinn 26/9/13.

the characteristics, development needs<sup>22</sup> and capabilities of the regions to increase the effectiveness of Structural Funds interventions in Kirde-Eesti. On the other hand, overlooking regional development needs is clearly linked to Estonia's liberal economic policy and approach to regional development, which is connected to the values of 'quality of life' and 'equal accessibility for public services' (e.g. Tonisson 2013, Raagmaa 2013).

Some efforts within the HRDOP were made to take into account the specificities of Kirde-Eesti region, particularly under language training and education needs. Estonian language training was offered for teachers, civil servants and students and an exchange programme aiming to integrate youth in Estonian speaking community was organised. In relation to education, Kirde-Eesti was the only county outside of Tallinn and Tartu, where OPs had invested in higher education establishments (Kohtla-Jarve TTU, Tartu University Narva Kolledz). There Three VET facilities were also established in Kirde-Eesti, compared to one in other counties. On the other hand, it was harder for the Russian speaking population to compete for business support (grants for start-ups, technology building and attracting foreign talents) because the business plans and project proposals for open calls covering the whole country needed to be submitted in Estonian.

The Government decision to use Structural Funds extensively to mitigate impacts of the crisis had other impacts on HRDOP and Kirde-Eesti. Due to the crisis, business support was directed towards export companies and the labour market measures were used to address short term unemployment instead of tackling long term problems. Although a common understanding among the interviewees was that mitigating the impacts of the crisis was the right decision, especially given the decreased unemployment and fast growth of economy after the crisis, there were some concerns over compromising long term goals. For example, the evaluation of wage subsidy and labour market training (Antal et al 2012) noted that relaxing the eligibility criteria left the long term unemployed in an even worse situation. Given the largely structural unemployment in Kirde-Eesti and low export orientation of companies, these changes in the programme strategy also compromised addressing the long term development needs of Kirde-Eesti. Overall, it was viewed that in the 2014-20 period, the focus of labour market measures should shift to tackling these long term needs to develop capacity of labour force and advance economic restructuring:

*The resources should be targeted in most burning issues; qualification of Estonian Labour market and R&D. Raising the productivity of work. Now when infrastructure is modernised the time would be really to focus on HRD*<sup>23</sup>

*When the markets start to grow again, there will be soon a shortage of labour, overall unemployment is not that big a problem. This means that labour market policy needs to target those human resources that are not participating on the labour market. This needs totally different methods and solutions than targetingshort term unemployment with training etc. The youth, older people and the ong-term unemployed should become a target group.*<sup>24</sup>

---

<sup>22</sup> The only specific region for which the Estonian Government has adopted a regional development plan for 2010-14 is Kirde-Eesti, although eventually there was no budget allocated for this development plan and it remained unimplemented. The hopes for financing Ida-Viru County problems in a more systemic way have been postponed until the new EU financing period from 2014, as has the creation of a specific Ida-Viru County programme for that period.

<sup>23</sup> Interview, policy maker, Ministry of Social Affairs, Tallinn 26/9/13.

<sup>24</sup> Interview, policy maker, Ministry of Interior, Tallinn, 24/9/13.

## 5 Administrative capacity

### 5.1 Administrative structures

The centralised management system for the Estonian Structural Funds programmes has been assessed by evaluation to be “fit for purpose” and well-functioning (Interim 2011); it is quick to react and implement changes and it facilitates good co-ordination and efficient implementation. The allocation of responsibilities is generally clear and stable, although, there are some problems arising from the large number of line ministries and state agencies involved in the administration and subsequent need for control.

The main criticism relates to the responsibilities and role of the leading ministry as its tasks have found to overlap with those of MA and first level intermediary bodies (see also Interim 2011:84). The allocation of tasks between first and second level intermediaries is clear and their close co-operation works well. For example, the first level intermediary of Priority 3 (Ministry of Social Affairs) noted that quarterly annual meetings and close informal co-operation and consultations with the second level implementing agency (Innove) had been instrumental for fast financial progress and for reacting quickly to implementation problems. Enterprise Estonia, as the second level intermediary for Priority 4, had also developed a “strategic” relationship with the Ministry of Economics and Communications, participating actively in developing measures and in the overall approach taken to business support. Furthermore, co-operation between MA and 1st level intermediaries worked generally well, although there were more reservations in this respect:

*“The relationship between the MA is more complicated. They want to control everything and have a kind of monopoly.”<sup>25</sup>*

*“There has been a fight over broader decentralisation. In some sectors, the first level had told the second level to overlook some things and when problems emerged (e.g. irregularities in audits), the first level intermediaries did not take responsibility. This is why we are moving back to a more centralised system in 2014-20”.<sup>26</sup>*

Generally, line ministries involvement in each other’s OPs, largely informal information exchange and smallness of the whole Structural Funds administration are the strengths of the Estonian system. On a more negative side, there is a lack of horizontal management capacity creating a so-called “silo” approach to administration and weak input from local and regional partners to planning and implementation of the OPs. There have been discussions over decentralising decision making power on the use of Structural Funds on the county level as there would be more knowledge of the development needs and capacities (e.g. valikukriteeriumbe... 2009:28; Interim 2011: 6). Implementing structural funds at regional and local level is however difficult because the administrative capacity of local and regional governments is weak and there are no other comprehensive development bodies, which could take over management responsibilities.

### 5.2 Human resources

Human resources do not present any particular problems for implementation of Structural Funds in Estonia. According to the interim evaluation of the OPHRD (2011: 86) an average administrative

---

<sup>25</sup> Interview, Intermediary body, Tallinn, 25/9/2013.

<sup>26</sup> Interview, policy maker, Ministry of Finance, Tallinn, 25/9/13.

officer has 3.5 years of experience on the Structural Funds. Although the personnel implementing OPHRD was generally young, lack of qualification or turnover of staff was not seen as problematic. Rather than leaving Structural Funds administration entirely, the staff moved around between and within the intermediary bodies and the Managing Authority. One reason for this was seen the differing salaries between different ministries and state agencies:

*“In our case, the main reason why people are leaving is the salary. The chief specialist in our ministry gets much lower salary than in the Ministry of Finance. This is why people come here, get a good experience of 1-3 years and then other ministries buy them over”.*<sup>27</sup>

*The movement of staff within the administration allowed effective utilisation of staff experiences but the ministries and agencies had also other practices for taking stock of staff experiences (e.g. leaving interviews and personnel surveys). Although different organisations were responsible for recruitment of new staff the training of new and current staff was centrally co-ordinated. Staff development in the MA was considered important particularly because the MA had gone through many internal administrative reforms during the programme period.*

*“We have had three in-house reforms since 2007. The same amount of tasks was reduced from 7 units to 3 and now we are moving back to 5. In principle, the tasks and persons have remained in the same part of ministry. Sometimes the tasks have been moving with the person.”*<sup>28</sup>

### **5.3 HRDOP implementation**

#### *Project appraisal and selection*

The funding of HRDOP has been allocated largely through open calls, but also increasingly through national programmes. The calls are developed by first-level intermediary bodies and the exact methodology for project selection is developed by the the second-level intermediary body. Programmes are a coherent set of projects or activities, prepared by the first level intermediary in cooperation with the Managing Authority and second level intermediary body.

The systems and capacity for effective project selection were viewed positively. For example, the open calls project applications were assessed by 2-5 experts or discussed in measure level committees, and selected according to measure level criteria defined in decrees. Although there had been some delays in the project selection, this was not considered generally as a problem. The main problem seems to relate to vague goals of both OP and regional strategies, which do not guide the design of clear project selection criteria and strategic selection of projects. The selection criteria was criticised for leaving room for subjective assessment and the MA noted that the selection favoured sometimes applications with good technical quality, as the applicants with weaker capacity have not been able to express the contribution of a project to regional development targets although there would be a clear need for projects.

The capacity of local administrations in Kirde-Eesti to appraise and manage projects varied. For example, the city of Narva has a professional team of specialists, who have the capacity to write competitive project applications. When necessary, they hire external consultants and legal advisers.

---

<sup>27</sup> Interview, Intermediary body, Tallinn, 25/9/2013.

<sup>28</sup> Interview, policy maker, Ministry of Finance, Tallinn, 25/9/13.

In contrast to Narva and Johvi, there are a number of small and financially weak municipalities, which have very little administrative capacity to prepare applications. Overall, the capacity for appraising good projects had increased significantly, although some project plans were still based on aspirations of local and regional governments rather than real development needs.

Although the project selection process was comprehensible and clear to the interviewed beneficiaries, the short time to write applications was viewed as a problem as the calls are open for only for one to two months. Longer time to prepare applications and training for regional beneficiaries was seen as crucial to avoid later implementation problems and therefore improve the effectiveness of projects.

#### *Financial management*

Tight financial control and commitment on absorption has facilitated fast financial progress of HRDOP and there has been very limited misuse of funding. However, the emphasis placed on absorption was found to make the implementation of OPs and projects over-controlled and monitored as well as administratively burdensome.

The system was bureaucratic for both the programme management and beneficiaries. The beneficiaries found the changing and tightening eligibility rules, and extensive financial reporting requirements during and after the project burdensome. Partly related to changing eligibility rules, issues with state aid and public procurement had occurred. From, the management point of view, the bureaucracy is illustrated by the fact that 12% of all management costs are spent over various supervisory activities; MA supervising the whole system, 1st level over secondary, second level over grant recipients, on the spot verifications. The financial control procedures were also criticised for being formalistic in nature, placing emphasis on correctness of financial documents rather than appropriateness of OP and project goals (see Applica-Ismeri-wiiw 2008).

One of the main reasons for burdensome financial management was audit procedures: *“These methods of audits are a problem. Although the audits would not find any major issues, there will be a new audit and again and again. It’s totally insane. The bureaucracy has at least to some part become as a result of audits. It’s not Commission level decrees, but Estonian level decrees that have made many costs ineligible because we have not followed certain practices which have come from the head of auditors”*.<sup>29</sup>

#### Monitoring and evaluation

In relation to a strong commitment to absorption, the financial (and physical) progress of the OPs was actively monitored and, in particular, the financial information in the monitoring system was accurate. There is a strong emphasis on presenting financial information in the AIRs and this has been used to detect implementation problems. Although the progress of the programmes was actively followed, integrated monitoring control was somewhat lacking in the HRDOP because the monitoring responsibilities were divided for 2nd, 1st level, leading ministry and MA levels (valikukriteeriumbe... 2009:28) and the monitoring committees were “formal structures without much content discussion”.

---

<sup>29</sup> Interview, Intermediary body, Tallinn, 25/9/2013.

Despite the active monitoring of programme progress, decisions were not actively based on monitoring information. This also applies to use of evaluations as input for policy making. The evaluations were implemented according to an approved evaluation plan, the 1st level ministries proposing evaluations and being responsible for carrying them out. Under HRDOP, a significant number of evaluations were undertaken, most of them externally. The quality of these evaluations varied, which was seen partly to result from a lack of evaluation expertise.

According to the interviewees, emphasis was placed on adopting evidence and evaluation based policy making during the programme period and the capacity for policy learning had significantly improved during the programme period. For example, Enterprise Estonia had hired new evaluation personnel during the programme period and some personnel responsible for evaluations of the Structural Funds were moved to State budget Departments so that evaluations would feed directly into policy planning (Kalvet 2012: 22).

**6 Conclusions**

**6.1 Programme Achievements**

Estonian OPs have shown strong financial performance, compared to the EU average. At the end of November 2013, commitments stood at 95.92 percent and payments at 73.99%. Among the Estonian programmes, OPHRD has had the strongest financial performance throughout the programme period, with commitments standing at 96.48 percent and payments at 79.06 percent. Similarly, labour market measures have been able to absorb funding well; the commitments for Priority 3 were at 97.46 percent and payments at 89.16 percent and Priority 2 at 87.89 percent and 75.99 percent respectively. The economic downturn has had positive effects particularly on Priority 3, which has seen the demand for unemployment measures increased.

	Strong (A)
OPHRD	By the 22 November 2013, the commitments were at 96.48 percent and the payments at 79.06 percent. Among the Estonian programmes, OPHRD has had the strongest financial performance throughout the programme period.
Labour market measures	The financial performance of Priority 3 “Good-quality and long working life” has been strong. As of November 2013, the commitments were at 97.46percent and the payments at 89.16percent. This is due mainly because there has been high demand for unemployment measures during the economic crisis. In the largest measure, targeting unemployed, “Increasing the supply of qualified labour force”, the payments were at 90.06 percent.  Also priority 4 “Knowledge and skills for innovative entrepreneurship” has progressed with a relatively good pace. The commitments were at 87.89 percent and the payments at 75.99percent, despite decreased demand for business support measures due to the economic crisis.

Estonia implements national programmes without explicit regional targeting. This means that financing is not pre-allocated or explicitly budgeted for different counties, and therefore the actual commitments and payments cannot be compared with the planned figures, which makes assessing the performance of the programme in Kirde-Eesti difficult. 11.9% of all Structural Funds commitments were made in Kirde-Eesti, which is the third highest among Estonian countries. Only around €5.6 million of EU allocation was committed and €4.9 million paid in Kirde-Eesti, which accounts for 1.45% of commitments made in the OPHRD. The funding for Kirde-Eesti has been channelled mainly through the OP for Development of the Living Environment and focused on developing water, waste and social infrastructure.

	Significant (B)	Moderate(C)
HRDOP	The physical progress of the OPHRD is followed through 86 indicators of which 56 met their target levels for 2010 and nearly half (42) of the indicators reached the 2013 target levels by the end of 2012. Indeed, it is likely that the majority of OPHRD targets will be met by the end of the programme period.	
Labour market measures		<p>Priority 3 has already exceeded most of its targets (out of 20 indicators, 13 have achieved their targets). All in all, the programme has progressed towards fulfilling the indicators of objectives, "Supply of qualified labour has increased" and "Quality of working life has improved", and there is no significant under- or over fulfilment. The priority has impacted in developing and offering relevant labour market services. For example, in 2010 only one in ten of the unemployed participated in these services but in 2012 one in three took part. On the other hand, there were some concerns over the effectiveness and success of business start-up subsidy, work practice and coaching for working life.</p> <p>Performance of Priority 4 "Knowledge and skills for innovative entrepreneurship" has been weaker. Only two of 14 indicators have achieved the target levels for 2013, and it is estimated that only around half of the indicators will reach the targets by the end of the programme period. Low fulfilment levels can be explained by setting fairly ambitious target levels and changes in the external environment. Despite these problems, the implementation of the priority can be considered good.</p>

Similarly, the OP indicators do not allow assessment of performance at the regional level. Generally, the physical progress of HRDOP can be assessed positively, and it is estimated the the OP will reach most of the targets set for its 86 indicators. The labour market measures have performed strongly. Priority 3 has exceeded most of the targets but the progress of Priority 4 has been more inconsistent and it is estimated that only around half of the indicators will reach the target levels for 2013. This is mainly due to the economic environment and the fairly ambitious targets set for the priority.

In financial terms, the strategic contribution of Cohesion policy in key policy areas is important. Around 90% of funding for labour market development comes from Structural Funds, national budgets being mainly tied to provision of basic state services. This is despite labour market and human resource development have been high on political agenda even prior to Estonia's EU accession. It is notable, however, that Cohesion Policy goals have had only limited impact on the approach to regional development in Estonia. Structural and domestic assistance outside the two urban growth centres of the country continues to focusing on developing social infrastructure. Nevertheless, Cohesion policy has had some clear positive impacts on regional development in Kirde-Eesti. In terms of adoption of other guiding principles in policy implementation practices the added value has been much more noticeable at the national level. For example, capacity for strategic planning and contribution to OP planning and implementation at the regional and local level has remained limited.

Added value	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Financial	Substantial financial partnerships in operation - pooling of private and public co-financing		Pursuing the 'knowledge economy' has been important domestic policy goal in Estonia and strengthening HRD was already an important goal before the EU accession. The major financing for labour market measures come through Structural Funds as national budgets are tied mainly for basic state services. The leverage of national public and private funding has been modest, although there are some positive examples related to building educational establishments and providing educational services. On the other hand, the SF financing has led to increase of prices of training.	Availability of additional funding severely constrained
Strategic	CP programming principles now evident across all domestic policy systems  CP objectives and priorities comprehensively and explicitly incorporated into domestic strategies (e.g. RTDI, business support etc.)	CP programming principles apparent in domestic policies most relevant to CP priorities  CP objectives and priorities given explicit reference in relevant domestic strategies	The Cohesion Policy strategic planning principles have had a great impact on adopting strategic planning principles in Estonia and led to development of a great number of sector strategies. Nevertheless the quality of these domestic strategies is mostly weak; they are not based on previous experiences or are tied to budget. Programming and evaluation have not spilled over to domestic policies, although the practices are institutionalised within SF.	CP programming principles only apparent in CP strategies  No reference to CP in relevant domestic strategies
Operational	CP systems for project generation, appraisal and selection have produced innovative approaches that are now embedded across domestic policy system	CP systems for project generation, appraisal now evident in some specific domestic policies	Some elements of CP systems for project generation, appraisal and selection evident in a limited number of domestic policy systems	There is no domestic equivalent.
Accountability	Extended use of CP monitoring, reporting, financial management and evaluation requirements across domestic public policy system	Use of CP monitoring, reporting, financial management and evaluation requirements in some domestic policies	CP monitoring and financial management principles are widely adapted. Evaluation has remained largely as a business of Structural Funds programmes and policy learning limited.	CP monitoring, reporting, financial management and evaluation systems not fully operational or not used outside of CP programmes
Democratic	Increased consultation, partnership-working structures in policy-making, derived from CP partnership principle	Increased consultation, partnership-working structures evident in some domestic policies	Partnership-working and consultation associated with Structural Funds has remained limited in the development and	Partnership-working, consultation in CP weak, not in evidence outside



			implementation of HRDOP. This is due to weak regional and local level and centralised SF administration.	of CP
--	--	--	--	-------

## 6.2 Strategic Quality

The Human Resource Development OP (HRDOP) aims to contribute to the reorientation of Estonia's growing economy towards more high-technology and knowledge based industries, using resources to help the workforce to adapt to the new needs of business. There are problems with the 'strategic view' behind the programme and as a result, the effects have been fragmented, diminishing overall impact of the OP. The programme strategy lacks clear and focused objectives. This, together with a great number of changing measures (whose link to the OP goals is not always clear), use of open calls and the lack of coherent and measurable indicators, has reduced the capacity of the government to steer the interventions in the desired direction. Indeed, the "desired direction" is not clear, as the development needs, particularly in the regions have not been sufficiently analysed and set out. As a result, Estonian OPs lack comprehensive solutions to address the main national and regional development needs. From the regions' point of view, national sectoral strategies have failed to create a comprehensive development framework. In practice, this means that the strategy to support development of infrastructure in the regions have not been linked to the simultaneous development of human resources and businesses. This is partly related to the fact that Estonia has been pursuing a neo-liberal economic policy and does not have a strong regional policy tradition. This situation can also be explained in part by weak regional level administration, lack of comprehensive development authorities and plans, which would align the sector measures at the regional level. Nevertheless, it seems that top-down approach to addressing regional needs does not always lead to the best regional outcome.

Strategic quality	Assessment of strategic quality			
Specific indicators	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Programming process	Processes clearly defined and implemented well	The processes and allocation of programming tasks has been clearly defined. However, the programming lacked clear leadership and the involvement of partners remained limited.	Processes defined, but implemented inadequately	Processes poorly defined and implemented inadequately
Negotiation and approval	Efficient and speedy negotiation and timely approval	Minor delays in negotiation/approval	Major problems with negotiations but minor delays in approval	Major problems with negotiations. Significant delays in approval
Quality of programme documents	Well-structured documents. Clear strategic focus	Programme documents with some deficiencies in strategy	The programme contains vague strategies and covers a wide range of sectors. The analysis of development needs was limited and in th OP, there is no clear link between background analysis and the targets.  The objectives are implemented through a large number of small and scattered measures. Together with open calls as selection method and partly poor	Programme documents with major deficiencies in strategy

			indicators, there is a lack of tools for strategically guide project activities.	
Treatment of specific policy heading	Detailed, explicit reference to policy heading in programme strategy, adjusted to and appropriate to regional socio-economic context, strong links with related strategies	Explicit reference to policy heading partially adjusted to regional socio-economic context	The OPs are not regionally sensitive. The labour market issues are addressed under all 3 sectoral OPs and are closely tied to the goals of relevant domestic strategies.	Limited/implicit reference to policy heading, not adjusted to regional socio-economic context, no reference to related strategies.

### 6.3 Administrative Capacity

Estonia has a centralised administrative system with all policy design and implementation taking place in the central government. Overall, this centralised management has been assessed to work well and “fit for purpose” due to the small size of the country. Rather than lack of human resources, the main problems of the Estonian system relate to the complicated administrative structure and, to some extent, the administrative culture.

The complicated administrative structures have lead to some confusion over responsibilities, emphasising the need for co-ordination and control. Although co-operation between different organisations works generally well, the system lacks capacity for horizontal comprehensive and complementary planning. This is mainly because of the sectoral approach taken to planning and implementation. The implementation procedures and financial management were tightly controlled ensuring good absorption but leading to bureucracy and taking the focus away from matters of content and strategic impact. The monitoring culture also reflected this, as most emphasis is placed on monitoring and description of measures rather than the effects of the programmes and the use of monitoring information to make changes in the programmes.

It is important to note that in Estonia, regional and local level actors are not involved directly in programme implementation. Although the reason for this lies with the weak regional level and local level administration, poor implementation of the partnership principle and the lack of regional co-ordination of me

Administrative performance	Specific indicators	Assessment of administrative performance			
		Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Management	Structures	Clear allocation of tasks	Task are clearly allocated and based on a law. As a small country the administration is centralised and relevant actors are involved. There have been quite a large number of sectoral intermediaries. In addition, the tasks of different bodies overlap.)	Partially formalized allocation of competencies and responsibilities. Significant operational weaknesses	Unclear or largely informal allocation of competencies and responsibilities. Major operational weaknesses
		Strong, regular coordination within administrative units and between units and departments involved in CP management and implementation. Strong communication, with good use of formal and informal channels and periodic review	The co-operation within the SF administration is strong. This was due to small administration and use of mainly informal channels and regular meetings. Some formal channels such as monitoring committee poor.	Modes of intra-departmental communication. Emerging formal channels for dialogue and decision-making	Poor intra-departmental communication. Lack of formal and informal channels for coordination
		Stable structures and responsibilities throughout the programme period	The main responsibilities and implementing bodies have remained the same through 2 programme periods. The main change relates to devolution of responsibilities There has also been some changes in internal structure of the MA.	Some instability, with episodic reallocation among ministries or implementing bodies	Unstable structures with frequent/substantial reorganization of responsibilities among ministries or implementing bodies
	Human Resources	Sufficiently qualified and experienced staff available. Low turnover	The staff is experienced and sufficiently qualified but the staff turnover has remained high. Positive is that the staff moves around in Strutral Funds administration rather than leaves it entirely.	Staff available, but major constraints in qualification or experience, or turnover	Severe lack of sufficient and qualified staff
		Well-developed HR management system. Effective performance assessment and staff development	Developed HR management system. Operational weaknesses in performance assessment and staff development	The HR system and taking stock of staff experience is weakly developed. On the other hand, the expertise is utilised when staff moves around the administration and there is a training programme for SF	

				administration.	
	Administrative adaptability	The administration due to the small centralised nature is quick to adapt.	Some mechanisms for adaptation, partly using staff experience	Cumbersome, inflexible mechanisms for adaptation	No mechanisms for adaptation established
Project preparation and selection	Project generation	Sufficient demand, high quality of project applications	There has been mainly high demand for projects. The problems relate to extensive use of open calls and varying quality of project applications. Open calls, broad objectives of SF strategies and mainly poor quality of local and regional strategies do not allow directing the interventions.	Mostly sufficient demand with some delays, project applications of low quality	Low demand
	Project appraisal and selection	Defined criteria, including well-developed and applied quality criteria, short decision times	Defined criteria with deficiencies in quality criteria, partly long decision times	The project selection criteria is (well) defined but there is room for improving transparency of project selection. The main problem relate to unclear objective of programme, which does not allow focused assessment of projects.	Lack of defined criteria for appraisal and selection
Financial management	Processing of payment claims	Clearly defined and quick processing of payment claims, efficient checks	The processes are clearly defined and have facilitated fast absorption. Financial management is tightly regulated and bureaucratic.	Defined processing of payment claims. Frequent delays. Multiple checks	Processes not clearly defined. Major processing problems
	Financial (de)commitment	Strategic approach to programme management to avoid decommitment	Measures in place to manage financial flows to avoid decommitment	Passive approach, case-by-case response to decommitment	No management mechanisms for decommitment
	Financial management and control	All systems effective	Some systems partially effective	Some systems ineffective	Significant number of overlapping audits, leading to bureaucracy. The audits oriented towards processes.
Monitoring and reporting	System of indicators and monitoring procedures	System and procedures fully operational, with coherent indicator system	There is a monitoring system in place. There have been problems with OP indicators and development of appropriate indicators, values and targets has been limited,	There have been some significant issues in monitoring.	No monitoring system
	Availability of financial, physical	The quality of monitoring data is good, particularly financial indicator data. It is also actively followed by managers.	Good quality data, with some gaps, and/or imperfect procedures	Partial data available, mostly cumbersome procedures	No data available

	and procedural data				
Evaluation	Evaluation reports	Developed evaluation system with regular reports	There has been produced high number of evaluations ranging from measure and policy specific studies to evaluations covering all OPs The evaluation are mostly process orientated but there are some impact evaluations. The quality of the evaluations vary .	Only ex ante report(s) produced	No reports produced
	Evaluation methods and culture	Evaluation embedded. High level of capacity and utilization	Evaluation system established, good capacity but utilization is mixed	The capacity to implement evaluations is limited, although growing. The main problems relate to policy learning, the utilisation of evaluations has been mixed, mainly weak.	Evaluation is not considered useful. Limited or no capacity

## 6.4 Lessons Learnt

- In terms of the general effectiveness and impact of the HRDOP, the main problem relates to lack of clear and well defined objectives and the tight and rigid control of implementation procedures. At the moment, Estonia lacks a clear understanding of the development needs of regions and a clear overall picture of the development measures implemented in different territories. In this regard, a comprehensive analysis of regional (and sectoral) development needs and the selection of clear strategic choices to concentrate funding around key problems, based on this analysis, would improve the strategic quality of Estonian programmes. This should be supported with integrated rather than fragmented interventions and suitable indicators, which allow management to steer the interventions in the desired direction.
- In the 2007-13 period, “regional and local perspectives” have been missing from the Estonian OPs. Rather than devolving implementation to sub-national levels, which lack the administrative and strategic planning capacity, the programmes should focus on increasing understanding of their needs and develop tools to address them. At the national level, this is a question of building horizontal administrative capacity.
- Compared at EU level, the absorption of funding and progress of OPs has been strong. The tight financial control and government commitment to fast absorption have ensured this, without significant misuse of funding. However, the focus on financial absorption has impacted on the strategic choices, prioritised bureaucratic issues and led to formalistic control procedures, placing emphasis on correctness of spending rather than appropriateness of effects.
- This emphasis on absorption, alongside strategic vagueness and the rigidity of control, has produced scattered effects and the overall impact has been diminished at both regional and national level. Greater effectiveness could be achieved by reversing these emphases; more autonomy and flexibility in implementation should be ensured within a focused and well defined strategic framework.

### **Bibliography:**

Anspal, S, jaats, K, Jarve, J, Kallaste, E, Kirke M, Magi, A & A Toots, 2012, Evaluation of services of in the programme Increasing the supply of qualified labour 2007-13, Interim evaluation of wage subsidies and labour market training.

CCI2007EE051PO001, Operational Programme for Human Resource Development, Republic of Estonia, May 2010.

Estonian National Statistic Framework 2007-13, 2007, Republic of Estonia.

European Union Assistance to Estonia, 2013, Accessed 03 December 2013, <<http://www.strukturifondid.ee/en/>>.

Eurostat 2010, Accessed 03 December 2013, <<http://ec.europa.eu/eurostat>>.

Centre for Pure Development Ou & University of Tartu, 2011, Evaluation report for implementing the public procurement “Interim Evaluation of Structural Funds for period 2007-13.

Kallas, K, Kompus-van der Hoeven M & L Saarniit, 2004, Multilevel governance, the Dynamics of EU Cohesion Policy, the Preparation of EU Structural Funds in Estonia, OEUE Phase II, Occasional Paper 2.4-09.04.

Kettunan, P & T Kungla, 2005, Europeanization of sub-national governance in unitary states: Estonia and Finland. *Regional and Federal Studies* Vol. 15, No. 3, 353–378, September 2005.

Korda, K, 2011, Estonian Experience with EU Structural Funds Investments in the programming period 2004-2006, presentation 11.05.2011.

Ida-Viru Maavalitsus, 2011, Ida-Virumaa sotsiaalmajanduslik analüüs.

Ida-Viru Maavalitsus 2012, Ida-Viru maakonna arengukava 2014-20. Ida-Viru maavanema, 06.11.2012.a. korraldusega nr 1-1/298.

Inimressursi arendamise rakenduskava seirearuanne, 2012.

Inimressursi arendamise rakenduskava seirearuanne, 2011.

Inimressursi arendamise rakenduskava seirearuanne, 2010.

Inimressursi arendamise rakenduskava seirearuanne, 2009.

Inimressursi arendamise rakenduskava seirearuanne, 2008.

Jaaksoo, K, Kitsing M, Lember K & T Rebane ,2012, Ettevõtlus- ja Innovatsioonipoliitika Vahehindamine.

Kalvet T., 2012, Expert Evaluation Network Delivering Policy Analysis on the Performance of Cohesion Policy 2007-13, Task 2: Country Report on Achievements of Cohesion Policy, Estonia.

Metis & EPRC, 2009, Ex-Post evaluation of Cohesion Policy Programmes 2000-2006 Co-Financed by the ERDF (Objective 1 and 2), Work Package 11: Management and implementation systems for Cohesion Policy, Final report to the European Commission, Task 2 – National Assessment Report Estonia.

Jurgesson, A, Kirss L & K Nurmela, 2010, the evaluation of business start-up subsidy, work practice and Coaching for Working life, Project Summary,

Raagmaa, G, Kalvet T & R Kasesalu, 2013, Europeanization and De-Europeanization of Estonian Regional Policy, *European Planning Studies*, DOI: 10.1080/09654313.2013.772754.

Rahandusministeerium 2012, Struktuurivahendite programmiperioodi 2007-2013, Strateegiline Aruanne, Ref. Ares(2012)1550657 - 27/12/2012.

Ristkok, P, 2009, Domestic preparation for the Utilisation of European Union Structural Funds, in *Estonia's way into the European Union*, pp. 113-119

Sisaministeerium, 2011, Regionaalse arengu suundumused Eestis (aastatel 2005-2011), Sisaministeerium, Tallinn.

Statistics Estonia 2013, Accessed 03 December 2013, <<http://www.stat.ee/statistics>>.

Statistics Estonia, 2012, Eesti Piirkondlik Areng, Regional Development in Estonia, Statistics Estonia, Tallinn.

Struktuurivahendite rakenduskava hindamine. Uuringuaruanne, 2009, Ernst & Young Baltic, Poliitikauuringute Keskus Praxis, Säätva Eesti Instituut & Balti Uuringute Instituut.

Struktuurivahendite valikukriteeriumide hindamine. Uuringuaruanne. Ernst & Young Baltic, Poliitikauuringute, Keskus Praxis, Balti Uuringute Instituut.

Tatar, M, 2010, Estonian Local Government Absorption Capacity of European Union Structural Funds, Halduskultuur – Administrative Culture 11 (2), 202-226.



## Annex OP HRD 2007-2013 progress (by end 2012).

	Indicator	Base level 2006/2005	Target 2013	2010	2012
<b>Lifelong learning</b>					
<b>Objective 1: Increased participation in lifelong learning according to ability and need</b>					
Output	Number of centres providing training for adults (VETs and non-formal adult education centres)	64	88	100%	100%
Result	Number of employed adults successfully completed the trainings	11505	73000	50%	92%
Impact	Participation rate of the adult population (25-64) in lifelong learning	5.9 %	11.50%	95%	112%
Output	Number of professional qualifications worked out according to modernised requirements	5	300	33%	40%
Result	Number of people whose qualifications are updated by number of modernised requirements	0	30 000	47%	130%
Output	Number of complementary trainings for youth workers	0	250	37%	92%
Result	Number of youth workers who successfully finished trainings	0	4000	62%	149%
Output	Number of trainings for non-ethnic Estonians	0	90	221%	296%
Result	Number of non-ethnic Estonians who completed the trainings	0	3750	55%	84%
Impact	Participation rate of adult non-ethnic Estonian population (25-64 ) in lifelong learning	4.1%	10%	85%	98%
<b>Objective 2: Study in general and vocational education is a high quality and in accordance with the needs of learners and society</b>					
output	Number of VET teachers participating in trainings	0	450	na	74%
Result	Proportion of trained VET teachers who evaluate passed training as necessary and useful	0	90%	111%	103%
output	Number of materials which meet the needs of national curriculum developed for SEN pupils under the OP	5	30	20%	93%
result	Proportion of risk group students who does not attend school, but study on basis of individual curriculum	0	5%	80%	82%
output	Number of teachers who participated in trainings	0	1000	387%	970%
result	% of pedagogues who correspond to demands of qualifications	89.5	95%	96%	95%
output	Number of trained advisers	100	200	65%	103%
result	Proportion of schools which systematically carry out internal evaluation activities	5%	50%	134%	194%
output	Number of pedagogues trained on advanced level trainings of ICT methodology, new media, e-portfolio and project based learning.	0	12000	55%	97%
result	Proportion of teachers using actively ICT in their lessons, train and support other teachers in using ICT and create electronical study materials	0%	35%	71%	137%
impact	Proportion of young people in the 18-24 year age group with a low level of education and who do not participate in training	13,2%	8%	68%	76%
impact	Proportion of young people with at least secondary education in the 20-24 year old age group	83%	84%	99%	97%
<b>1.2 Developing the human resources for R&amp;D</b>					
<b>Objective 1: New generation of scientists and engineers for knowledge-based society is provide</b>					
output	Number of ESF co-financed long-term grants for high level international lecturers and scientists in prioritised fields	0	10-12	200-240 %	383-460%
result	Number of MSc and PhD students supervised by high level international lecturer and scientist grant-holders	0	20-25 MSc, 10-12 PhD	40-50%; 158-	152-190; 433-520%

output	Number of ESF financed PhD study vacancies	0	25	190%	296 -333%
result	Share of ESF financed positively evaluated PhD students filling the vacancies	0	90%	108%	111%
<b>Objective 2: Quality of higher education is increased, tendency towards higher production value added indicated</b>					
Output	Number of ESF financed foreign PhD grants in Estonian universities	0	15	307-460%	693-1040%
Result	Share of evaluated positively foreign PhD students filling the vacancies financed by ESF foreign PhD grants	0%	90%	102%	111%
Output	Number of lecturers participating in short-term complementary training co-financed by ESF	0	400	888%	815%
Result	Share of participants that successfully complete complementary training	0	90%	94%	106%
Output	E-courses of higher education level financed by ESF	250	3000	51%	84%
Result	Number of participants that successfully complete e-courses of higher education level	16000	450 000	67%	89%
<b>1.3 Good-quality and long working life</b>					
<b>Objective 1: Supply of qualified labour has increased</b>					
Output	Number of people participating in active labour market measures	ca 20 000	91 600 (85 000)	107%	199%
Output	Number of persons receiving services supporting finding work	na	15000	43%	224%
Output	<i>Number of newly developed health and counselling services supporting finding work and preventing dropping out of the labour force</i>	na	4	100%	100%
Output	<i>Number of information campaigns aimed at enhancing health awareness, preventing dropping out of labour force</i>	na	10	-	100%
Output	<i>Number of people who received training on preventing dropping out of labour force for health reasons</i>	na	4000	-	131%
Result	Share of people starting work after participation in active labour market measures, as a proportion of all those who participated in active measures	42.4%	50%	70%	70%
Result	Share of people starting work or who kept their jobs after receiving services supporting finding work, as a proportion of all those who received the relevant services	na	35%	43%	96%
Result	Share of people referred to active labour market services with the help of services supporting finding work, as a proportion of all those who received the relevant services	na	30%	5.2%	59%
Result	<i>Share of municipal governments that have compiled local health profiles, as a proportion of all municipal governments</i>	na	45%	91%	112%
Result	<i>The number of companies and institutions that have joined the network of health promoting workplaces</i>	na	160	64%	99%
Impact	Activity rate	70.1%	74.80%	98%	99,6%
Impact	Employment gap between childless people and parents of young children in the 20-50 age group	M 10.9, W 30.0	M 5.0, W 21.0	M 31% N 97%	M 28% N 84%
Impact	Number of 25-49 year old inactive people for whom the reason for inactivity is illness or injury	15 400	13 000	81%	99%
<b>Objective 2: Quality of working life has improved</b>					
Output	Number of employees of labour inspectorates taking part in trainings	0	120	109%	132%
Output	<i>Number of people taking part in working environment training or information days</i>	0	7550	55%	121%
Output	<i>Organization of publicity campaigns contributing to the improvement of the quality of working life</i>	0	3	33%	67%

Output	<i>Conducting surveys contributing to the improvement of the quality of working life</i>	5	10	20%	90%
Result	The average grades received at the assessment of the civil servants' competencies at the Labour Inspectorate	0	4.2 (scale 2-6)	96%	100.5%
Result	Share of employees working in companies of which specialist has completed training or attended the thematic day organized by Labour Inspectorate	0	70%	59%	109%
Impact	Gender segregation in the labour market (or the segregation index)	by job: 30.8 by sector: 23.7	by job: 28.0 by sector: 20.5	by jobs: 91%, by sector: 80%	na
<b>1.4 Knowledge and skills for innovative entrepreneurship</b>					
<b>Objective 1: The knowledge and skills of workers in enterprises match the needs of the enterprises, and their development is routine</b>					
Output	Percent of enterprises that have received training grant out of potential beneficiaries	2.8 %	5%	62%	71%
Output	Number of enterprises that have received mobility support for hiring highly qualified personnel.	0	54 (70)	50%	28%
Result	Proportion of enterprises that have trained at least half their workers within the last 12 months	39%	50%	na	na
Result	Proportion of enterprises that have trained a worker during the last 12 months	61%	70%	na	na
Result	Growth of innovation expenditure in enterprises that have received mobility support for hiring highly qualified personnel	0%	15% per annum	na	na
<b>Objective 2: Decisions made by enterprises are competent and professional</b>					
Output	Number of enterprises per year who have received consulting support.	340	600	51%	14%
Result	Proportion of enterprises that have used outside consultancy services during the last 12 months	33%	50%	na	na
Result	Proportion of enterprises whose managers have participated in longer-term management training	35%	50%	na	na
<b>Objective 3: More new and viable enterprises</b>					
Output	Number of start-ups supported per year	153	350	100%	15%
Result	Rate of survival amongst new enterprises that had received support	65%	85%	108%	108%
<b>Objective 4: Knowledge about enterprise and innovation has spread and is easily accessible</b>					
Output	Number of education employees per year who have participated in entrepreneurship education program	0	200	65%	114%
Result	Proportion of enterprises saying that they have no problem finding enterprise-related information	76%	85%	na	na
Result	Number of pupils who have received enterprise teaching	9%	35%	32%	29%
Result	Proportion of study programmes where enterprise training is taught	na	505%	na	na
<b>Administrative capacity</b>					
<b>Objective 1: The effectiveness and efficiency of policy formation, and its implementation, is ensured</b>					
Output	Number of financed studies and analyses	na	30%	43%	190%
Result	Number of organisations that have changed their management systems or procedures	0	3	30%; 67%	110%; 67%
Result	Number of simplified and codified legal fields	0	3	33%	33%
Result	Number of NGOs per year who have received advice	1395	1500	153%	119%
Impact	Effectiveness of work in the government sector	41.65	45.1	95%	102%
<b>Objective 2: Workers in the public and non-profit sectors are professional and trustworthy</b>					
Output	Number of participants who participated in the training	na	11 900	78%	172%

Result	Personnel turnover	14,5%	10%	386%	78%
Result	Number of developed training programs	na	12	275%	367%
Impact	Professionalism in the public service	54%	70%	80%	na
	Trustworthiness in the public service	47%	65%	69%	na
	Index of dedication in the public service	46%	63%	78%	na

