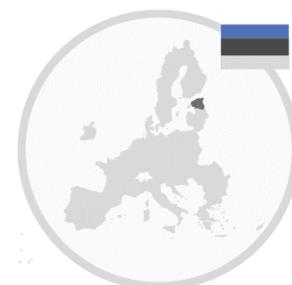


Estonia's National Recovery and Resilience Plan

Latest state of play



OVERALL RESOURCES

Estonia's National Recovery and Resilience Plan (NRRP) – one of the last NRRPs submitted to the European Commission – sets out the reforms and public investment projects Estonia intends to implement with the support of the [Recovery and Resilience Facility](#) (RRF). The RRF is one of the main components of [Next Generation EU](#), an EU instrument to counter the impact of the COVID-19 pandemic.

Recovery and Resilience Facility (RRF): €953.3 million

RRF grants: 100 %

Share of total EU RRF: 0.1 %

Share of national GDP: 3.4 %

Investment and consumption timeline



Major objectives

Green transition: €566.6 million 59.4 %

RRF target: 37 %

Digital transformation: €208.0 million 21.8 %

RRF target: 20 % (24.1 % excluding REPowerEU chapter)

Payments so far: €126.0 million 13.2 %

Estonia's plan is one of the smallest in the EU in terms of the total amount allocated. However, when taking into account its number of inhabitants, the country is a medium-sized beneficiary.¹ Initially, Estonia requested €982.5 million in grants but in the modified version, submitted to the European Commission in March 2023, Estonia reduced this amount to €953.3 million (-1.7 % compared with the original plan). The modified plan takes into account the [updated maximum financial contribution](#) published on 30 June 2022 (€863.5 million, down from €969.3 million) which reflects changes in real gross domestic product (GDP) over time.² Furthermore, it includes a [REPowerEU chapter](#) to reinforce the plan's [energy dimension](#). Estonia's modified plan represents 0.1 % of the entire RRF, equal to 3.4 % of the country's GDP in 2019 (the RRF being 5.2 % of EU-27 GDP in 2019).³ Estonia did not request any RRF loans.

The Council approved Estonia's initial plan on 25 October 2021 and the modified plan on 16 June 2023. The [European Commission](#) disbursed €126 million (13.2 % of the resources of the revised plan) in pre-financing on 17 December 2021. The next payments, in seven instalments, will depend on progress in implementing the investments and reforms. On 9 March 2023, Estonia also requested the [pre-financing](#) of 20 % to fund the REPowerEU chapter.

The European Parliament, which was a great supporter of the creation of a common EU recovery instrument, participates in interinstitutional cooperation and discussions on its implementation, and scrutinises the European Commission's work.



This briefing is one in a series covering all EU Member States.



Country-specific challenges

In the context of the [European Semester](#), the Council adopts country-specific recommendations (CSRs). These provide Member States with policy guidance on how to boost jobs, growth and investment, while maintaining sound public finances. Estonia's Recovery and Resilience Plan should help to address at least a big part of the challenges identified in the 2019-2020 CSRs. The [European Commission](#) groups the CSRs issued to Estonia in 2019 and 2020 in five broad categories: i) Investment; ii) Financial sector; iii) Social; iv) Health; and v) Education and skills.

Both in [2019](#) and [2020](#), the Council highlighted that the social safety net in Estonia is weak and the provision of social services under-developed and fragmented. Estonia struggles with income inequality, particularly among older people and women; around 42 % of people aged 65 and above were at risk of poverty and social exclusion in 2017, compared with the EU average of 15 %. Estonia also has one of the highest gender pay gaps in the EU: 25.6 % in 2017. Among other things, the Council recommends broadening the coverage of unemployment benefits and access to social services, and taking measures to reduce the gender pay gap and improve wage transparency.

There are also problems with access to, and the efficiency and resilience of, the health care system. Even before the pandemic, the self-reported unmet medical needs in Estonia were one of the highest in the EU. To remedy these problems, the Council recommended addressing the shortages of health workers, strengthening primary care and ensuring the supply of critical medical products.

Another challenge highlighted by the Council in 2019 was skills shortages and mismatches, which limit greater productivity gains. This is due to numerous factors, like the incomplete reorganisation of the school network and the low attractiveness of the teaching profession.

Although Estonia has a high percentage of information and communication technology specialists, enterprises still provide limited digital skills training. Digitalisation has also been slow in manufacturing. Therefore, the Council recommended more targeted investment in research, development and innovation, including eco-innovation. In addition, the Council recommended ensuring sufficient access to finance and stepping up efforts to mitigate money-laundering risks in the banking sector.

As a peripheral country with a low population density, well-functioning transport infrastructure is essential for Estonia. However, it still has some shortcomings in terms of connectivity and sustainability, particularly in rail and intermodal transport. In addition, the share of renewable energy in transport is way below its target: it was just 0.4 % in 2017, while its national target was 10 %. Therefore, the Council recommended focusing investment on clean and efficient production and use of energy, and on sustainable transport projects. In the [2022 CSRs](#), the Council recommended to reduce overall reliance on fossil fuels and increase energy efficiency. In the context of the [2023 European Semester](#), the Commission assessed the implementation of Estonia's plan as under way, and the Council recommended proceeding with steady implementation.

Objectives and structure of the plan

On 18 June 2021, the [European Commission](#) received Estonia's [initial NRRP](#) (link in Estonian). Estonia requested a total of €982.5 million in grants, and on 25 October 2021, the Council approved €969.3 million for Estonia. However, in March 2023, Estonia submitted to the Commission its [modified NRRP](#) (link in Estonian) worth €953.3 million. This plan is the first one to include a REPowerEU chapter amounting to €83.4 million in grants. Back in February 2023, the EU co-legislators agreed to make the RRF the [main funding tool](#) of the [REPowerEU plan](#), which aims to end the EU's dependence on Russian fossil fuels and accelerate the green transition. Estonia also requested to transfer €6.6 million from the Brexit Adjustment Reserve to finance the investments under the REPowerEU chapter.

Estonia's NRRP is part of a strategy called 'Estonia 2035', which sets out the country's long-term [strategic goals](#).⁴ Estonia's plan aims to help the country become more resilient and sustainable, contribute to achieving the United Nations Sustainable Development Goals, support the green and digital transitions, and increase growth potential and competitiveness.

Addressing the seven flagship areas⁵ for investment and reforms identified by the [Commission](#) for the RRF, Estonia's plan was initially structured around seven components. In 2023, the country added the REPowerEU chapter. The eight components are now as follows.

Figure 1 – Breakdown of funding by component



- 1  **'Digital transition in enterprises'** helps businesses seize the opportunities offered by digital technologies and increase their competitiveness. It also focuses on digital skills through awareness raising, and on upskilling and retraining information and communication technology specialists.
- 2  **'Green transition in enterprises'** supports the development of green technologies (such as green hydrogen), low-carbon and climate-neutral research and innovation capabilities, resource efficiency, modernisation and changes to business models in manufacturing companies, and green skills.
- 3  **'Digital Estonia'** aims to make public services even more accessible through digitalisation, improve internet connectivity (particularly in rural areas), and step up analytical capabilities within the anti-money laundering framework.
- 4  **'Sustainable energy and energy efficiency'** focuses on incentivising the uptake of renewable energy, improving the energy efficiency of buildings, and decarbonising the economy through targets and actions to phase out oil shale.
- 5  **'Sustainable transport'** is expected to help reduce emissions and incentivise the uptake of sustainable modes of transport. It aims to create new connections between various modes of sustainable transport, with a focus on rail and active modes of transport such as cycling.
- 6  **'Health care and social protection'** seeks to improve the resilience and accessibility of the health care system and access to social services in Estonia. It includes measures aimed at increasing the health workforce, and improving health infrastructure, long-term care and the e-health system. It also seeks to help young people entering the labour market and reduce the gender pay gap.
- 7  **'Management and control system for the plan'** seeks to establish a system for managing and controlling Estonia's NRRP and explains the roles and responsibilities of various authorities. (Since it neither comprises investment projects nor real reforms, this component is not included in the graphs on 'Reforms' and 'Investment' below).
- 8  **REPowerEU** aims to accelerate Estonia's transition towards clean energy, diversify its energy supplies and improve its energy efficiency. It also aims to end dependence on Russian energy.

In total, the author of this briefing counts in Estonia's modified plan 18 reforms and 28 investments.⁶

Estonia's plan exceeds the expenditure targets set by the [RRF Regulation](#), which envisage 37 % of resources from NRRPs for the green transition and 20 % for the digital transformation. Measures supporting the green transition (including the REPowerEU chapter) represent 59.4% in the modified plan (up from 41.5 % in the initial plan), and those supporting the digital transition represent 21.8 % (including the REPowerEU chapter), or 24.1% (excluding the REPowerEU chapter) of Estonia's total allocation (up from 21.5 %) (see cover page). The following table provides an overview of the plan's components, objectives and resources.

Table 1 – Components of Estonia's plan

Component (C)	Objectives	RRF resources (€ million)	Share
C1: Digital transition in enterprises	Digitalise enterprises Develop the business environment Develop skills for the digital transition	116.2	12 %
C2: Green transition in enterprises	Support the development and deployment of innovative clean technologies Reduce greenhouse gas emissions Promote the circular economy, sustainable blue economy and bio economy Develop skills to support the green transition	255.2	27 %
C3: Digital Estonia	Digitalise the public sector and public services Develop and deploy digital technologies and secure connectivity Ensure high-quality and modern management Develop high-capacity connections	121.7	13 %
C4: Sustainable energy and energy efficiency	Support the deployment of clean energy, in particular through renewable energy, smart grids and storage infrastructure Improve the energy efficiency of houses	197.7	21 %
C5: Sustainable transport	Increase the use of sustainable and environmentally friendly transport Reduce greenhouse gas emissions	90.6	9 %
C6: Health care and social protection	Improve the resilience, availability, efficiency and crisis preparedness of health systems Improve labour market participation, including for vulnerable groups	82.0	9 %
C7: Management and control system for the plan	Establish a management and control system for Estonia's plan	n/a	n/a
C8: REPower EU	Increase the take up of renewable energy and end dependence on Russian energy	90.0	9 %
	Total	953.3	

Data source: [Estonia's modified NRRP](#) and the Commission's [assessment](#).

Reforms

Overall, as highlighted in the Council's [implementing decision](#), Estonia's NRRP 'is stronger on investments than on reforms'. In the plan's modified version, the author counts 18 reforms (when factoring in neither sub-reforms nor component 6 but including the reform of the REPowerEU chapter).

Most reforms aim to improve health care and social protection, as well as contributing to the digital and green transitions. They should also enhance Estonia's economic and social cohesion. The key reforms include digitalising companies and the public administration, incentivising the production of renewable energy, promoting energy efficient renovations, and adopting a new strategic approach to mobility. In the Council's opinion, Estonia should have included more reforms to strengthen the social safety net, particularly for the coverage of unemployment insurance benefits.

Some reforms have the same name as the component under which they are listed (such as the reform 'Green transition in enterprises'). Certain reforms also contain sub-reforms. For example, the reform 'Supporting the competitiveness of enterprises in foreign markets' has three sub-reforms: i) National and regional strategies; ii) Innovative business centres in key export markets; and iii) Global e-export impact groups and virtual stages.

In addition, some reforms are accompanied by investment; for instance, the reform 'Accelerated development of renewable energy'.

Estonia's plan sets concrete targets for reforms. For example, in the framework of the reform 'Skills reform for the digital transformation of businesses', it aims to train 2 000 additional information and communication technology specialists (including at least 200 specialists in cybersecurity).

Table 2 – Reforms to receive support under Estonia's plan

	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6	Component 8
Sectoral reforms	(3) - Supporting achievement of development goals - Skills reform for the digital transformation of businesses - Supporting the competitiveness of enterprises in foreign markets	(1) - Green transition in enterprises	(4) - Creation and development of a centre of excellence for data management and open data - Development of event services and proactive digital public services for individuals and entrepreneurs - Reconfiguration of basic digital services and safe transition to cloud infrastructure - Enhancing the strategic analysis of money laundering and terrorist financing in Estonia	(2) - Promoting energy efficiency and comprehensive reconstruction - Boosting the green transition in the energy economy	(1) - Deploying safe, environmentally friendly, competitive, needs-based and sustainable transport and energy infrastructure	(6) - Comprehensive change in the organisation of health care in Estonia - Strengthening primary health care - Promoting e-health - Strengthening unemployment insurance - Reform of long-term care - Reducing the gender pay gap	(1) Accelerated development of renewable energy

Data source: [Estonia's modified NRRP](#).

Investment

Estonia's plan contains 28 investment measures, which support the reforms in the plan.

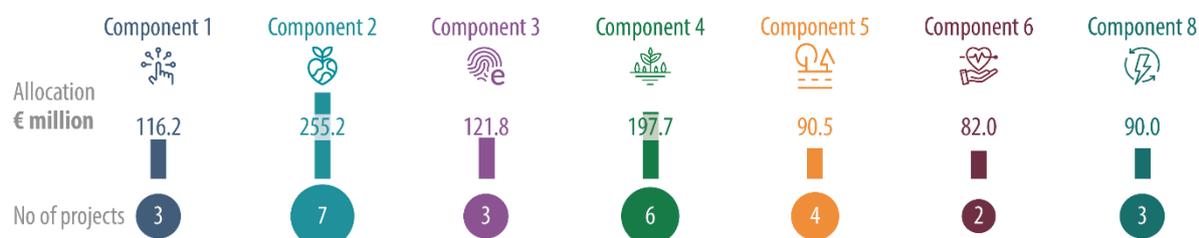
The biggest investments are related to the digital and green transitions, in which Estonia plans to invest more than €774 million. It aims, for instance, to invest €24.29 million in very high capacity broadband networks and €58 million in the digital transformation of enterprises. The green transition is supported through a special fund, the Green Fund (€100 million), which will contribute to the development of green technologies in research-intensive businesses, as well as the start-up sector.

In addition, it is envisaged to invest €44.67 million to renovate apartment buildings and €31.3 million to renovate small residential buildings; €66.8 million to boost offshore windfarms development; €38 million to increase the access of renewable energy production to the electricity distribution system; and €31.84 million to facilitate the deployment of renewable energy sources.

Some major transport investments were removed from the initial NRRP, for example the construction of a section of the westbound Tallinn–Rohuküla railway (€34 million) and the Rail Baltic multimodal joint terminal in Tallinn (€31.05 million). The modified NRRP maintains the construction of the Tallinn Old Port tramline (up from €26 million to €36.5 million).

Finally, Estonia's NRRP seeks to improve accessibility and resilience of the health system. Its biggest investment – the establishment of the Northern Estonia Medical Campus, which would have used €280 million (29 % of the plan's total resources) – was removed from the plan. It was replaced with an investment in a new health centre in Viljandi in Central Estonia.

Table 3 – Largest measures to be supported under each component of Estonia's plan



Component	Allocation (€ million)	No of projects	Measures
Component 1	116.2	3	Digital transition in enterprises (€58 million) Development of e-construction (€9 million) Development of digital waybills services (€6 million)
Component 2	255.2	7	Green Fund (€100 million) Deployment of resource-efficient green technologies (€52.8 million) Creating opportunities for the uptake of renewables-based green hydrogen technologies (€50 million)
Component 3	121.8	3	Construction of very high capacity broadband networks (€24.29 million) #Bürokratt programme (national virtual assistant platform and ecosystem) (€10.48 million) Information system for real-time strategic analysis of money laundering and terrorist financing (€3.5 million)
Component 4	197.7	6	Boosting offshore windfarms development (€66.8 million) Support for the renovation of apartment buildings (€44.67 million) Programme to strengthen the electricity grid to increase renewable energy production capacity and adapt to climate change (€36.2 million)
Component 5	90.5	4	Construction of the Tallinn Old Port tram line (€36.5 million) Construction of five Rail Baltic viaducts (€31.05 million) Multifunctional work vessel (€18 million)
Component 6	82.0	2	Establishment of a health centre (Tervikum) in Viljandi (€72 million) Labour market measures to reduce youth unemployment (€10 million)
Component 8	90.0	3	Programme to increase the access of renewable energy production to the electricity distribution system (€38 million) Facilitating the deployment of renewable energy sources (€31.84 million) Increasing the production and uptake of sustainable biomethane (€20.2 million)

Examples of activities	Help enterprises to invest in innovative digital technologies	Help companies to develop and apply business models that reply to climate and environmental objectives	Give all households access to very high capacity network (at least 100 Megabit/second)	Strengthen electricity grid to increase renewable energy production capacity and adapt to climate change (e.g. increase resistance to storms)	Build more roads for light traffic outside major city centres	Give salary and training allowance for employers who hire young people with little experience	Develop wind energy projects
	Increase services offered by the e-construction platform	Help companies to renew manufacturing technology and develop their products	Become the first country in the world where all important government services are offered with the help of a virtual assistant (#Bürokratt)	Give impetus to energy storage and increase the part of renewables in central heating systems	Increase railway connections as well as speed and safety	Temporarily extend unemployment benefits	Map and analyse the entire biogas chain
	Establish eCMR data exchange service (and connect transport and logistics operators with it)	Support transition to green energy	Accelerate production and use of green hydrogen	Increase energy efficiency of apartment buildings and small residential buildings	Build a multifunctional work vessel		Provide co-financing to companies interested in investing in the production and marketing of sustainable biomethane
				Develop offshore windfarms	Increase tram lines		



Data source: [Estonia's modified NRRP](#).

Governance

Estonia has a multi-level governance system for the implementation, monitoring and control of the plan.

The bodies responsible for planning, implementation and control of the plan are part of the management and control system for structural funds; their responsibilities and roles are defined in the [2014-2020 Structural Assistance Act](#). The Government has adopted a [regulation](#) on 'Organisation of the implementation of the Recovery and Resilience Plan and general conditions for granting support' (link in Estonian), which is in force since 4 December 2021.

The **Estonian Ministry of Finance** and the [State Shared Service Centre](#) are responsible for the overall coordination, monitoring and implementation of the plan. The State Shared Service Centre is also tasked with managing the plan. It will submit requests for payment to the European Commission and draft the management declaration, by which it will certify that the funds have been used for their intended purpose, that the information is complete, accurate and reliable, and that the control system works properly.

Sectoral ministries and other bodies are responsible for implementing individual measures. They report to the Ministry of Finance and the State Shared Service Centre on progress in implementation.

The **Financial Control Department of the Ministry of Finance** is in charge of regular audits of the management and control systems that have been put in place. It will also summarise the audits carried out for requests for payment and host an anti-fraud coordinating service. **Implementing bodies** such as Enterprise Estonia, Centre for Environmental Investments SA and Kredex SA are responsible for choosing specific projects and making payments to the final beneficiaries.

Estonia has also created a dedicated [website](#) (link in Estonian) for the plan, which provides general information on its components, describes the adoption and implementation process, and gives useful contacts and information on media coverage.

Commission assessment

On 5 October 2021, the [European Commission](#) assessed Estonia's initial plan positively, proposing that the Council approve it. For nine out of the 11 assessment criteria set in the RRF Regulation (Annex V), the Commission gave the highest possible rating (A) to the plan (see Figure 2). The criteria that received a B (medium) were 'cost justification' and 'coherence', with the Commission estimating that the amounts Estonia proposed for financing were sometimes rather high. The Commission reached the same conclusion in its [assessment](#) of the modified plan.

The Commission found that the plan could have included more reforms to strengthen the social safety net and measures leading to a greater increase in the health workforce. It also criticised the plan for phasing out oil shale only at the end of 2025 and for not envisaging green taxation. Overall, the Commission found that the plan is stronger on investment than on reforms.

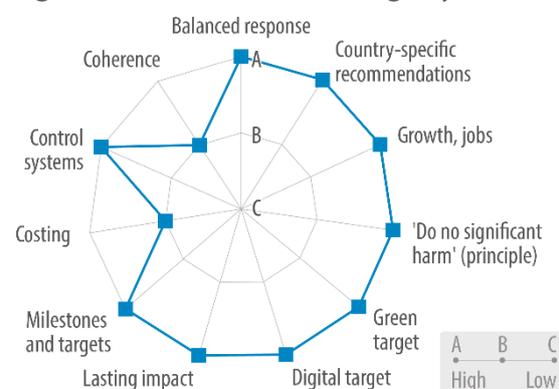
Under criterion No 1, the Commission concluded that Estonia's NRRP (both the initial and the modified plan) provides a comprehensive and adequately balanced response to the economic and social situation, contributing appropriately to all of the six pillars under the RRF.⁷ Although the modified plan removes some measures, it also adds reforms and investment.

According to the Commission, the plan includes mutually reinforcing reforms and investments that will help to address all or a significant subset of the economic and social challenges outlined in the 2019 and 2020 CSRs, notably those in the areas of green and digital transition, health care, social inclusion and countering money laundering (criterion No 2). The Commission welcomed the new measures of the REPowerEU component but regretted that the modified plan neither included measures to renew the road vehicle stock nor measures addressing the electrification of rail.

The [Commission](#) expects the plan to have a high impact on strengthening Estonia's growth potential, job creation and economic, social and institutional resilience, while mitigating the economic and social impact of the COVID-19 crisis (criterion No 3). Estonia's plan could increase the country's GDP by between 0.8% and 1.3% by 2026, notwithstanding the possible positive impact of structural reforms, which could be substantial. This could also mean up to 4 000 additional jobs. The modifications to Estonia's plan did not influence the previous rating (A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience.

The Commission does not expect any of the plan's measures to do significant harm to the environment (criterion No 4). A large proportion (59.4%⁸) of the measures are devoted to the green

Figure 2 – Commission ratings by criteria



Data source: European Commission, [SWD\(2021\) 285](#).

transition (criterion No 5), which is above the RRF requirement (37 %). The wide range of measures in this area relate to energy efficiency in residential buildings, uptake of renewable energy, sustainable transport, and green transition in enterprises (such as developing green skills and deploying green technologies). The Commission welcomed that the modified plan upscaled the renovation of small residential buildings to reach 500 renovated buildings, as opposed to 80 in the initial plan. It regretted that broader reforms, such as green taxation, have not been added. The plan does not contain measures specifically focused on biodiversity. According to the Commission, the plan is consistent with the [Estonian national energy and climate plan 2030](#).

Estonia's plan also slightly exceeds the RRF requirement (20 %) for measures supporting the digital transition (24.1 %⁹). The measures in this field focus mainly on digital transformation of enterprises, modernisation of public services, and digital skills.

According to the Commission, the plan adequately ensures effective monitoring and implementation (criterion No 8) and identifies which services are responsible for coordinating, monitoring and evaluating the plan. The milestones and targets for reforms and investments are clear and realistic, and the proposed indicators for those milestones and targets are relevant, acceptable and robust.

Finally, the Commission finds that the plan adequately prevents, detects and corrects corruption, fraud and conflicts of interest (criterion No 10). It contains certain measures to ensure greater gender equality and a few projects that have a cross-border element (such as the measures under the REPowerEU component and the construction of five Rail Baltic viaducts, the cross-border project connecting Estonia, Latvia, Lithuania and Poland with the rest of the EU).

Council decision and pre-financing

On 28 October 2021, the [EU economic and finance ministers](#) approved the assessment of Estonia's initial plan. The Council's [Implementing decision](#) of 25 October 2021 confirmed that Estonia was set to receive non-repayable financial support amounting to €969.3 million (current prices, rounded), in grants only. However, on 16 June 2023, the Council adopted an [amending implementing decision](#), by which it greenlighted Estonia's modified plan. It confirmed that Estonia is now set to receive non-repayable financial support amounting to €953.2 million (current prices, rounded), including for a new REPowerEU chapter. This sum is somewhat lower than the sum requested by Estonia (€953.3 million). This is because the estimated total cost of the modified plan was slightly higher than the updated maximum financial contribution available for Estonia. Most this sum (€759.5 million) was available to be legally committed by 31 December 2022.

As envisaged in the [annex](#) to the amending Implementing decision, the EU's non-repayable support will be paid to Estonia in seven instalments (each of almost €143 million, except the last one of €95 million). Payment of these instalments is subject to the fulfilment of relevant milestones (qualitative goals) and targets (quantitative goals). The final deadline for the completion of milestones and targets is 31 August 2026.

Estonia has so far received only 13.2 % (€126 million) of the [resources](#) (in the form of pre-financing). It has also requested a pre-financing of 20 % to fund the REPowerEU chapter. As mentioned in the Implementing decision of 25 October 2021, pre-financing will be 'cleared by being proportionally deducted against the payment of the instalments'.

On 22 March 2022, the European Commission and Estonia signed the [operational arrangements](#) for monitoring and implementing Estonia's NRRP, a pre-condition for Estonia to submit payment requests. These operational arrangements are expected to be updated following the plan's revision.

European Parliament

The European Parliament has been a [great supporter](#) of a common EU recovery plan. However, it has warned against financing the recovery plan to the detriment of existing and upcoming programmes. Parliament has [called](#) on the Commission to 'only approve plans that fully meet the provisions and targets of the RRF Regulation and to make no political concession that goes against the regulation and its spirit'.

The Parliament established the RRF as co-legislator with the Council. Pursuant to the RRF Regulation and the [Interinstitutional Agreement](#) (IIA) on budgetary matters, [Parliament](#) can scrutinise the work carried out by the Commission in the assessment of national plans. This can take the form of provision of information, dialogues, and reviews.

The Parliament has established a standing working group on the scrutiny of the RRF, comprising the Committee on Economic and Monetary Affairs (ECON) and the Committee on Budgets (BUDG), with [27 full members](#). The working group prepares and follows up on the recovery and resilience dialogue of the Parliament with the Commission; its [meetings](#) are not open to the public.

The IIA on budgetary matters also states that Parliament, Council and Commission hold interinstitutional meetings on implementing the broader Next Generation EU recovery instrument. These meetings are organised at least three times per year.

In addition, through the [discharge procedure](#), Parliament will also ensure democratic scrutiny of how NGEU resources are spent.

Milestones and targets

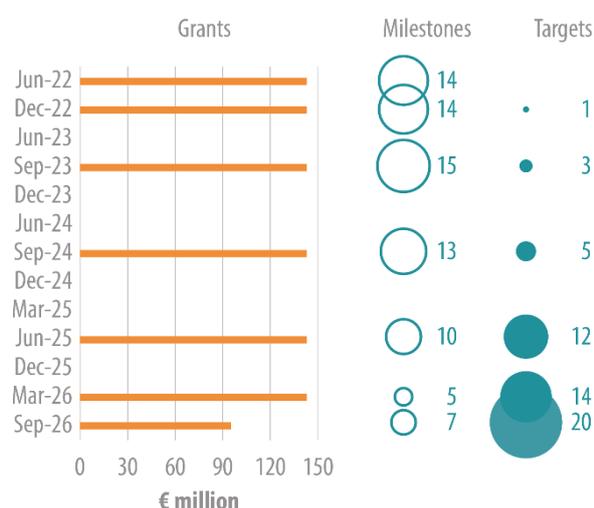
Estonia has requested pre-financing two times: 13% to fund the initial plan and 20% to fund the REPowerEU chapter. Apart from these pre-financing payments, all other payments will depend on progress in implementing the plan. The pre-financing payments will be deducted proportionally from each of the seven instalments, which the Commission may disburse in one or several tranches. Each instalment is linked to the achievement of a number of milestones and targets.

Based on the RRF Regulation, Estonia must commit RRF resources by the end of 2023, while payments must be made at the latest by the end of 2026.

Overall, Estonia will have to meet 75 milestones and 55 targets. As can be seen from Figure 3, milestones are more concentrated in the first instalments and targets more in the last.

On 17 December 2021, the European Commission disbursed [€126 million in pre-financing](#) to Estonia. This means that Estonia has so far received 13.2% of resources. At the end of June 2023, Estonia submitted a payment request worth almost €286 million (before deducting the pre-financing) for the first and second instalments linked to 28 milestones and one target. These included measures such as: creating relevant working groups and teams; adopting certain legal acts (e.g. related to the implementation and monitoring of the plan); and completing certain project designs (e.g. for the tramway construction project). The Commission has three months to respond to this request.

Figure 3 – Envisaged instalment schedule



According to the Commission's [assessment](#) of the implementation progress made in the context of the 2023 European Semester, Estonia has made progress with several projects. The Green Fund has been set up, the tramline project design has been completed, legislative changes have been made to foster youth employment, and reforms have been adopted to improve access to long-term care and health care. In the 2023-2024 period, Estonia is expected to continue work on several other projects, such as rolling out very high capacity broadband networks and signing contracts (e.g. for the construction of the Rail Baltic viaducts and Tervikum health centre). Several legislative amendments (e.g. to prevent money laundering) are also expected to enter into force.

Views of Estonian stakeholders

Only a few stakeholders (such as the [Estonian Employers' Confederation](#), the [Estonian Green Movement](#) and the [Estonian Fund for Nature](#)) publicly commented on the initial NRRP. The Estonian Employers' Confederation, for example, sent a [letter](#) to the Estonian Ministry of Finance, reminding the Ministry to take large enterprises into consideration.

The Estonian Green Movement and Estonian Fund for Nature [questioned](#) whether the initial NRRP would indeed respect the target of spending at least 37% of its resources on the green transition, and regretted the absence of investment to advance biodiversity and the 'blue economy'. They also criticised the construction of the multi-modal transport terminal and a medical campus in Tallinn. These projects were subsequently excluded from the modified plan.

The modifications in the plan have been criticised by some stakeholders. The Tallinn City Government and Tallinn Hospital Development Foundation, for instance, [contested](#) the government's decision to exclude the establishment of the Northern Estonia Medical Campus from Estonia's modified plan. Some [local authorities](#) in western Estonia (city of Haapsalu and Lääne-Vigula rural municipality) have also issued complaints over the decision to leave the funding of Tallinn-Rohuküla railway out of the modified plan.

EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

[National Recovery and Resilience Plans: Latest state of play](#), EPRS blog, latest update July 2023.

[Recovery and resilience plans in the 2023 European Semester: Progress and country-specific recommendations](#), EPRS, June 2023.

[Agreement on REPowerEU chapters in recovery and resilience plans](#), EPRS, February 2023.

[Economic and Budgetary Outlook for the European Union 2023](#), EPRS, January 2023.

[Next Generation EU: A European instrument to counter the impact of the coronavirus pandemic](#), EPRS, July 2020.

OTHER SOURCES

[National recovery and resilience website](#) (link in Estonian), Government of Estonia.

[Recovery Dashboard for Estonia](#), Eurostat.

ENDNOTES

- ¹ See Figure 5 on page 9 of the EPRS briefing on the '[Recovery plan for Europe: State of play](#)'.
- ² All the figures in this briefing are based on the modified plan as approved by the [Council](#) after the [final revision](#) of the maximum national allocations carried out by the Commission on 30 June 2022.
- ³ The graphics and tables in this briefing are based on data from the Council's [amending implementing decision](#) and its [annex](#), Estonia's modified NRRP and the Commission's [staff working document](#) on the modified plan. The data used reflect their source at the time of extraction; moreover, there may be discrepancies between data from different sources.
- ⁴ These goals are the following: i) Estonia's people are smart, active and care about their health; ii) Estonia's society is open, caring and cooperative; iii) Estonia's economy is strong, innovative and responsible; iv) Estonia offers a safe and high-quality living environment that takes into account the needs of all its inhabitants; and v) Estonia is innovative, reliable and people-centred.
- ⁵ These are: i) Power up; ii) Renovate; iii) Recharge and Refuel; iv) Connect; v) Modernise; vi) Scale-up; and vii) Reskill and upskill.
- ⁶ According to the [European Commission](#), the plan comprises 17 reforms and 28 investments.
- ⁷ Green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health, and economic, social and institutional resilience; and policies for the next generation.
- ⁸ Including the REPowerEU chapter.
- ⁹ Excluding the REPowerEU chapter to which the digital target does not apply.

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Second edition. The 'Monitoring EU recovery' briefings are updated at key stages throughout the lifecycle of the plans.