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COUNTRY FICHE

ESTONIA [EE]

Between 2014 and 2020, Estonia chose to focus on a single Territorial Delivery Mechanism. Sustainable Urban Development (SUD) strategies were implemented through a dedicated Priority Axis (SUD PrAx) within the national Operational Programme for European Structural and Investment Funds (ESIF). In total, five strategies of this type were implemented, drawing exclusively on the European Regional Development Fund (ERDF). Despite some challenges and criticisms regarding the limited integration of the supported operations, the SUD PrAx facilitated greater collaboration between municipalities within Functional Urban Areas (FUAs).

POPULATION	STATE TYPE
1.31 million	Centralised

NATIONAL ESIF BUDGET

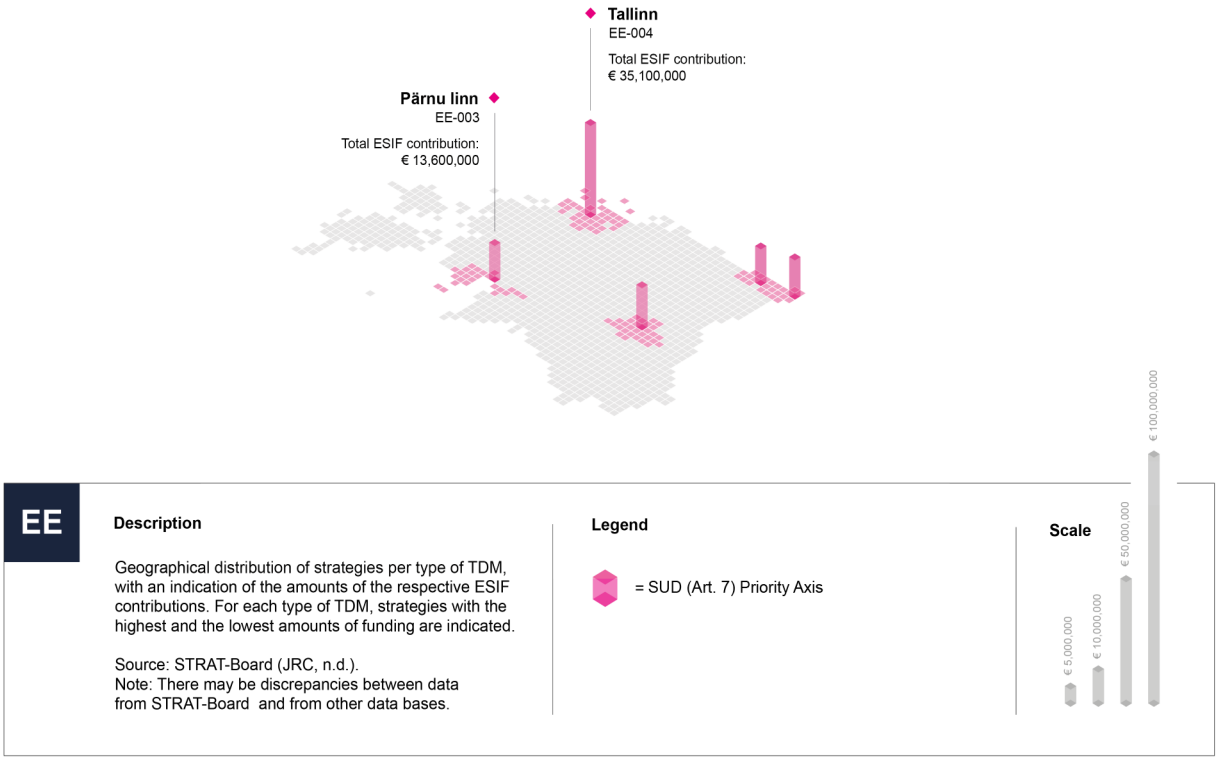
EU Contribution (EUR)	€ 4,884,960,075
National Contribution (EUR)	€ 1,446,217,668
Total Contribution (EUR)	€ 6,331,177,743

Note: including all ESIF - ERDF, ESF, EAFRD, YEI, EMFF
Source: Cohesion Open Data Platform (European Commission, n.d.)

Territorial Delivery Mechanism type	No.	ESIF type	Share of ERDF /CF allocation	Share of decided allocations spent (end 2022)
SUD (Art. 7) Operational Programme	0	-	-	-
SUD (Art. 7) Priority Axis	5	ERDF	4.9%	90%
Integrated Territorial Investment (ITI; SUD)	0	-	-	-
Integrated Territorial Investment (ITI; non-SUD)	0	-	-	-
Community-led Local Development (CLLD)	0	-	-	-
TOTAL	**5**	**-**	**4.9%**	**-**

Source: allocations and spending based on Cohesion Open Data Platform (European Commission, n.d.), remaining items on STRAT-Board (JRC, n.d.).
Note: STRAT-Board data is self-reported by strategy holders. There may be inconsistencies between the data reported in STRAT-Board and other databases, such as the Cohesion Open Data Platform.

Figure 1: Geographical distribution of Territorial Delivery Mechanism (TDM) strategies



GOVERNANCE CONTEXT

Estonia, with its centralised governance structure, places a strong emphasis on national-level policy and strategic direction. The central government is responsible for shaping broad policies and frameworks, while regional and local governments play a more minor role in driving economic and innovation initiatives.

The National Regional Development Strategy (2014-20), introduced in 2014, sets out Estonia's approach to regional and urban development. This strategy emphasises the use of European Structural and Investment Funds (ESIF) to support regional development.

In terms of spatial planning and territorial governance, Estonia's system is characterised by its centralised approach. The national government establishes strategic priorities and frameworks, while local and regional authorities adapt and implement these policies to address specific local needs. This structure aims to ensure balanced and cohesive development across the country, addressing regional disparities and fostering sustainable growth.

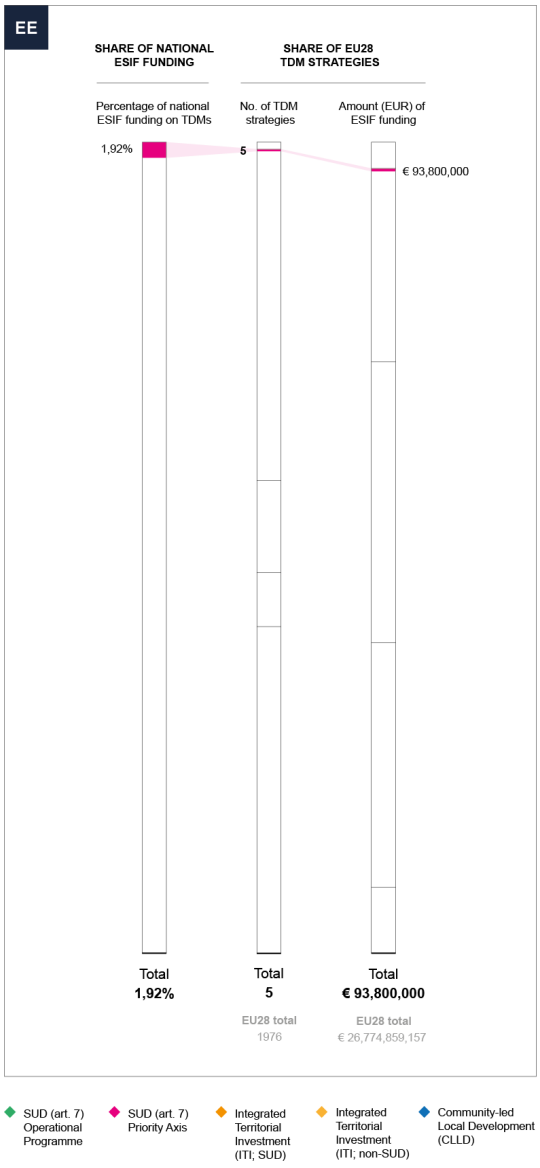
COHESION POLICY CONTEXT

As a single NUTS2 region, Estonia had only one Operational Programme (OP) for the entire country – the Operational Programme for Cohesion Policy Funding 2014-20. The OP combined funding streams from the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the Cohesion Fund (CF). In the 2021-27 period, Estonia's territory is designated as a transition region, whereas during the 2014-20 period, it was classified as a less-developed region.

Cohesion Policy management in Estonia is centralised and carried out by national-level authorities. Regional authorities serve as stakeholders and members of the Monitoring Committee. The State Shared Service Centre, operating under the Ministry of Finance, acts as the Managing Authority. In Estonia, Riigi Tugiteenuste Keskus (the State Support Services Centre – RTK) undertakes the role of coordinating authority, except for the Maritime and Fisheries Fund, where the coordinating authority is the Ministry of Regional Affairs and Agriculture, and the Internal Security Fund, where the coordinating authority is the Ministry of the Interior.

FEATURES OF THE TERRITORIAL DELIVERY MECHANISMS

Figure 2: Types of Territorial Delivery Mechanisms (TDMs) used, amount of strategies and the corresponding shares of ESIF* contributions



Source: STRAT-Board (JRC, n.d.). Notes: On the first vertical bar from the left, the percentage of all ESIF funding for that country allocated to TDM strategies is indicated with colour. The whole bar represents all ESIF funding for that country. On the second bar (middle), the number of each type of TDM strategy implemented in this country is indicated with the corresponding colour, with the whole bar representing all TDM strategies implemented across the EU28 (1976 strategies, as indicated in grey below the bar). On the bar on the right side, the amounts of ESIF funding for the TDM strategies are indicated with the corresponding colour. The whole bar represents the total allocation of ESIF for TDMs in the EU28. Please note that STRAT-Board data set is not always complete and correct. There may be discrepancies between it and other data bases.

Sustainable Urban Development (Art. 7) Priority Axis

During the 2014-20 period, for the first time in Estonia, a portion of ERDF resources was allocated to the implementation of territorial strategies. All five of Estonia's urban region strategies for this period were developed based on the same guidelines, making it difficult to distinguish unique practices among them. One of the largest cooperative efforts was agreeing on common priorities and implementing them in the Tallinn FUA, which included not only the central city but also eight surrounding municipalities.

SUD PrAx strategies were applied to Functional Urban Areas (FUAs) with populations exceeding 50,000, encompassing both city centres and surrounding densely populated regions. The five major urban areas involved in SUD strategies were Tallinn, Tartu, Narva, Pärnu, and Kohtla-Järve/Jõhvi.

The formulation of SUD strategies was a collaborative effort involving relevant ministries, county authorities, municipal governments, and district agencies. This collaboration boosted cooperation between local authorities within FUAs to address common development needs. However, there was limited effort to engage other stakeholders, as internal coordination was prioritised over broader public consultation, as seen in the case of Tartu. In this top-down approach, infrastructure needs and priorities were mainly identified through existing development documents rather than through extensive community involvement. Furthermore, the use of SUD PrAx was driven by the need to meet the European Commission's minimum requirements for territorial strategies, rather than a well-defined intervention logic.

These strategies primarily focused on enhancing social inclusion and fostering a low-carbon economy. Although SUD did not specifically target deprived neighbourhoods across Estonia, there was a significant emphasis on improving economically disadvantaged and underutilised areas in the larger cities of Ida-Viru County, aiming to make them more attractive to businesses and improve the overall quality of life in these urban spaces.

SUD PrAx placed emphasis on functional linkages, including urban-rural connections and FUAs, rather than strictly adhering to administrative boundaries. This approach allowed for a more nuanced understanding of territorial dynamics. The Tartu SUD PrAx strategy is a good example, as it defined the city region not simply as the sum of municipal areas, but through boundaries and functions that reflect urban settlement patterns, commuting zones, employment areas, and residential markets. Another positive aspect of the SUD PrAx strategies was that, while each local government unit had its own priorities, the city region strategy effectively unified these and supported coordinated investment based on functional and territorial rationales.

Implementing SUD PrAx strategies proved challenging, as it required meeting the European Commission's guidelines while also ensuring effective absorption of funding. The commitments outlined in the implementation plan, including achieving output and performance indicators, added complexity, especially when activities were selected locally at a later stage.

Integration within projects, both territorially and in combining different types of interventions at single locations, remained weak. Despite having

* In order to reflect the contribution of various funds to TDMs, this graph includes all ESIF funds (ERDF, ESF, CF, EAFRD, EMFF).

a common strategy, most projects were focused on local municipal needs without a cohesive, integrated approach across thematic areas. For example, while the Tartu SUD PrAx strategy recognised urban challenges and set sectoral objectives, it lacked a detailed explanation of how these priorities would interconnect to achieve integrated territorial effects, opting instead for a more siloed approach to urban development with a focus on individual targets.

Additionally, there was significant redundancy in urban area strategies, suggesting that addressing urban issues within a broader, county-wide strategy might have been more effective. Looking ahead, the key takeaway is the need for greater flexibility, relying more on existing territorial strategies and documents, such as local development plans, county strategies, and regional development agreements, when programming and implementing ESIF through Territorial Delivery Mechanisms.

In terms of financial performance, the SUD PrAx strategies were successful, with 90% of ERDF funding spent by the end of 2022, surpassing the absorption rate of mainstream Cohesion Policy funds during the same period (76%).

Fostering inter-municipal cooperation in Functional Urban Area of Tartu

The introduction of SUD PrAx strategies in Estonia catalysed cross-municipal cooperation within FUAs, with Tartu's strategy exemplifying this impact. As Estonia's second-largest city, Tartu had no prior experience in preparing a joint strategy for its urban area alongside the surrounding municipalities. The need to develop the SUD PrAx strategy provided an opportunity to do so. The top-down spatial demarcation approach, defined by the central government, helped create a functional vision for the central city and its surrounding areas, taking into account urban sprawl, population growth, and intensive daily commuting patterns.

An informal steering group and project evaluation committee played a pivotal role in preparing, implementing, and monitoring the strategy. Within this framework, the municipalities involved in implementing Tartu's SUD PrAx worked collaboratively to identify synergies and complementarity when submitting projects, such as focusing on light traffic routes or bike-sharing schemes. The project appraisal methodology prioritised complex projects that, whether independently or in combination with other initiatives, addressed specific problems in one area or improved conditions across the entire FUA.

IN SUM

During the 2014-20 programming period, despite some challenges in implementing the Estonian SUD PrAx strategies, cross-municipal cooperation and a shared vision for FUAs, based on functional linkages, were successfully promoted. This contributed to the improvement of local administrative capacities.

SUD PrAx strategies required a comprehensive framework for coordination across different levels of government and between municipalities within urban regions, thereby enhancing multi-level governance. However, challenges remained in developing more integrated projects, and there was limited mobilisation of stakeholders beyond the local governments.

References

JRC. (n.d.). STRAT-Board. Joint Research Centre. https://urban.jrc.ec.europa.eu/strat-board/

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