

## **Programming Recovery and Resilience Facility in Estonia**

May 2021

We finalized the process of drafting the long term national strategy „Estonia 2035“ at the end of 2020, which is our new National Reform Program and a good starting point for planning the Recovery and Resilience Plan (RRP). Estonian development needs, long term goals, necessary reforms that were mapped in the frames of the strategy serve as an important input for also preparing the national RRP, which will focus on main challenges we address within upcoming several years with RRF support.

RRF financial contribution to Estonia was estimated in summer 2020 to be 1,1 billion. Recent calculations by the Commission show that the amount might fall down to ca 900 million as our economic results during the 2020 were better than expected compared to the EU average.

We started programming RRF and dialogue with the Commission on October 2020.

At the beginning of December Cabinet decided on the full list of priorities to be supported with RRF and we started drafting the components of RRP.

In the middle of January the process was put on hold due to forming of the new Government, which renewed the list of RRF priorities according to the new coalition agreement on 11<sup>th</sup> of February. Since then we are drafting the RRP, which balances the aspirations of the RRF and our national challenges.

We have been seeking to find a good balance between reforms and investments, that cover all the pillars of RRF and address in effective complementarity and synergy with other EU funds the main country specific recommendations made in the Semester process.

One of the main focuses of the RRP is on digital transition in both- in public and private sector.

The leap areas that we have mapped cover proactive and event-based services, AI-powered government, human-centric data governance and next generation digital government. With RRF contribution we'll focus on proactive and seamless digital service delivery and rebirth of core government IT services and infrastructure to take digigov to cloud, which will guarantee better service experience, lower the administrative burden and cost, rise the data quality and create higher resilience against cyberrisks.

In private sector, we plan to support enterprises for rolling-out digital technologies and introduce digital solutions in construction industry to boost productivity and sustainability.

Also our priority is to improve connectivity by investments in deployment of very high capacity network in rural areas to cover additional 8000 households.

Another focus area of RRF will be green transition in business, transport, energy and housing sector, and piloting innovative green technologies, including hydrogen-based solutions. Besides we have priorities of developing and strengthening skills to support the digital and green transition, increase social cohesion by measures for youth unemployment and to rise the resilience of health sector.

We shared the preliminary draft (as a preliminary working document) of RRP with the Commission on 8<sup>th</sup> of March and continued the discussions from 18<sup>th</sup> of March to 27<sup>th</sup> of April. On 29<sup>th</sup> of April Cabinet renewed the RRF allocation proposal based on the dialogue with the

Commission and on 6<sup>th</sup> of May we shared updated draft RRP with the Commission. We'll continue negotiations and have public consultation on 20<sup>th</sup> May to 4<sup>th</sup> of June. The plan is to have our final RRP ready in June for official submission to the Commission.

### Composition of Estonian RRP

(preliminary as of 29th of April 2021, subject to possible change, position for negotiations with EC)

Component /reform/investment	RRF allocation
<b>1. DIGITAL TRANSITION IN BUSINESS SECTOR</b>	<b>116</b>
Supporting digital transformation in SME-s	73
Reforms to Raise Competitiveness of SMEs in foreign markets	33
Improving digital skills	10
<b>2. GREEN TRANSITION IN BUSINESS SECTOR</b>	<b>220</b>
Greentech Fund	100
Uptake resource efficient green technologies, valorization of bioresources	38
Greentech development programs	8
Redesigning business models	9
Green Hydrogen Pilot Projects in Estonia	50
Improving green skills	15
<b>3. E-ESTONIA</b>	<b>121</b>
Rebirth of core government IT services and infrastructure: taking digigov to cloud	43
Proactive and seamless (digital) service delivery	50
Connectivity	24
Improving AML IT-capacities	4
<b>4. ENERGY AND ENERGY EFFICIENCY</b>	<b>92</b>
Energy. Fostering the uptake of renewables	45
Energy efficiency of buildings	47
<b>5. SUSTAINABLE TRANSPORT</b>	<b>96</b>
Municipal investments in safe cycling paths	5
Construction of Turba-Rohuküla Railway line	34
Construction of Tallinn Old Harbour tram line	26
Multimodal terminal in Ülemiste for RB	31
<b>6. HEALTH AND SOCIAL COHESION</b>	<b>336</b>
Enhancing resilience of health system of Estonia	280
Improvement of medical emergency service availability	46
Measures for youth unemployment	10
<b>Total</b>	<b>982</b>