



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels, 31 March 2022

Subject: Observations on the proposal by Estonia for a CAP Strategic Plan 2023-2027 - CCI: 2023EE06AFSP001

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Estonia, submitted via SFC2021 on 2 January 2022.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Estonia to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Estonia responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU) 2021/2115

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ANNEX

Observations on the CAP Strategic Plan submitted by Estonia

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU's agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production¹ and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector's economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Estonia is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

Key issues

Observations with regard to the strategic focus of the CAP strategic Plan

1. The Commission welcomes Estonia's efforts in preparation of the CAP Strategic Plan (hereafter the Plan), the exchanges in the framework of the structured dialogue ahead of its submission and the consideration given to its recommendations of 18 December 2020 ((SWD)/2020/375). The Commission takes note of the transparency

¹ Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

of the preparation process and invites Estonia to strengthen the partnership principle during the implementation phase.

2. However, the Commission considers the Plan insufficient, as the numerous missing, incomplete or inconsistent elements of the proposed Plan, detailed in the following sections, do not allow a thorough assessment of the consistency between the analysis of strengths, weaknesses, opportunities and threats (SWOT), the identified needs and strategy, nor of its ambition and acceptability. The Commission sees this as a systemic problem and considers that substantial improvements of the Plan are needed.
3. The following observations are solely based on the partial available content.
4. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and to monitor its progress. The Commission requests Estonia to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security

5. While the Commission welcomes the continued use of financial instruments focusing on productive investments, it considers that the Plan is insufficient to reach this general objective. The Commission has in particular doubts as to the expected effectiveness of the proposed intervention strategy with regard to farm income and farmer position in the value chain.
6. The Commission observes that Estonia decided to derogate from the mandatory allocation for complementary redistributive income support for sustainability (CRISS) and that degressivity and capping are not part of its redistribution strategy. The Commission considers that there is not enough evidence to justify the derogation and that a more effective and targeted approach to ensure a fairer and more targeted distribution of direct payments is necessary.
7. Estonia is requested to revise its redistribution strategy and to complement explanations provided so far, in particular by a quantitative analysis showing the combined effects of all proposed income support tools on redistribution. This will allow the Commission to fully assess whether the Plan addresses sufficiently the aim of fairer distribution and better targeting of income support, including as regards the request to derogate from the required 10% allocation for CRISS.
8. While the SWOT and the needs assessment indicate the necessity for better organisation of producers, the overall approach proposed does not clearly reflect this situation. Estonia is invited to explain how it intends to strengthen and develop producer organisations (PO), with the objective of improving the position of farmers in the food supply chain.
9. The Commission welcomes the inclusion of the support for risk management. However, the Commission does not consider that the proposed strategy for addressing the identified need is ambitious enough. Estonia should provide

additional information and strengthen the response to the identified need, taking further account of the risks linked to externally sourced inputs.

10. In light of the Russian war on Ukraine, the Commission, in addition, urges Estonia to consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement

11. The Commission cannot conclude from the Plan that it offers an effective contribution to achieving this objective. Essential information is missing and the information that is provided leaves serious and significant doubts about the Plan's merit in relation to this general objective.
12. Estonia's Plan must clearly take adequate account of the legislation on climate change, energy, air quality, water quality, biodiversity and pesticides (and the planning tools arising from that legislation) listed in Annex XIII to Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR). Without such explanations, it is not possible to assess fully whether Estonia's needs assessment – and proposed responses to those needs – adequately reflects the situation in the country with respect to those issues. Also, Estonia is requested to take better account of the Prioritised Action Framework (PAF) and further align the proposed interventions with it.
13. The needs assessment put forward by Estonia is not sufficiently clear. Furthermore, it does not appear to cover all needs relevant to the environment and climate. Estonia should ensure the full coverage providing a clear description of each need. For example, as highlighted elsewhere in this document, needs are not clearly stated in relation to manure management, enteric fermentation, the protection of peatlands, nutrient management, sustainable pesticide use, the presence of landscape features, and the management of semi-natural grasslands.
14. Estonia should also explain in detail how the various elements of the Green Architecture of its Plan fit together (including in relation to the baseline requirements of the system of conditionality). It should also demonstrate that its Plan clearly fulfils the requirement of increased overall ambition with regard to environmental and climate-related objectives, including by using qualitative and quantitative elements such as financial allocation and indicators. Currently the Plan lacks a clear evidence in that regard.
15. The Commission requests Estonia to clarify or amend certain proposed standards for Good Agricultural and Environmental Condition (GAEC) so that they fully comply with the regulatory framework.
16. Estonia is asked to provide full and clear descriptions of proposed interventions relevant to the environment and climate – especially eco-schemes and agri-environment-climate management commitments. It should ensure that they make a

contribution to achieving the environmental and climate-related objectives in question (as some interventions appear modest in their ambition) and that the related targets are sufficiently ambitious. For example, the eco-scheme for environmentally friendly management (intervention ÖK1) is assigned a large budget but its proposed requirements concerning soil cover and crop rotation seem not to go beyond the relevant GAEC standards.

17. The Commission considers the proposed interventions concerning renewable energy production as modest and strongly encourages Estonia to fully benefit from possibilities under the SPR to increase sustainable domestic generation and use of renewable energy, including biogas, thereby strengthening what has already been programmed in their National Energy and Climate Plan (NECP). Moreover, the Commission calls on Estonia to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including by fostering a shift towards organic fertilising as well as further steps to reduce energy consumption.
18. Furthermore, Estonia is requested to explain how the Green Architecture delivers on emission reductions and carbon sequestration contributing to the achievement of the current targets under Regulation (EU) 2018/842 (Effort Sharing Regulation) and Regulation (EU) 2018/841 (Regulation for the Land Use, Land Use Change and Forestry - LULUCF Regulation). Estonia is also strongly encouraged to take into account the national targets that will be laid down in the revised Effort Sharing Regulation and LULUCF Regulation (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
19. Estonia is encouraged to broaden the proposed range of interventions targeting the adaptation of its agriculture to climate change.

Observations with regard to the strengthening of the socio-economic fabric of rural areas

20. The Commission considers that the proposed Plan is not likely to contribute effectively to the strengthening of the socio-economic fabric of rural areas.
21. The Commission notes positively that the financial allocation to the Community-led local development (LEADER) intervention is well above the legal minimum. However, the Commission notes certain gaps in the overall approach under this objective. In particular, elements relevant to social inclusion seem to be addressed only through LEADER. At the same time, the LEADER approach is to cover only a part of the rural population. Estonia is invited to provide additional clarifications in this regard.
22. The Commission regrets that Estonia has not provided in the Plan any information on its strategy for generational renewal and asks for the inclusion of the relevant elements.
23. The Commission notes the lack of sufficient ambition of the Plan with regard to animal welfare, promoting employment, equal treatment and inclusiveness.

Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

24. The transition towards more resilient and sustainable agriculture and rural areas will require a significant effort in advice, training and innovation. The Commission considers that the Estonian Plan does not provide enough information to assess its contribution to the objective of fostering and sharing knowledge, innovation and digitalisation in agriculture and rural areas. The Commission therefore invites Estonia to provide additional clarifications and information as to how the identified needs will be met by the Plan.
25. Estonia is invited to further elaborate its digitalisation strategy in consistency with the overall SWOT analysis and its assessment of needs, and sufficiently reflect on aspects related to digitalisation in rural areas, other than broadband.

Other issues

26. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Estonia to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.
27. Estonia has not described the coordination, synergies and complementarities with other funds in addressing certain identified needs, especially those related to the development of rural areas and social inclusion. Such description is essential for the Commission in assessing the overall strategy of the Plan. It is also important for providing a strengthened assessment on avoiding funding gaps, preventing possible overlaps and double funding.

Information with regard to the contribution to and consistency with Green Deal targets

28. The Commission regrets that Estonia did not make use of the possibility to provide information regarding national values for any of the Green Deal targets set in the Farm to Fork and the Biodiversity Strategies in the area of antimicrobials, pesticides (both on their use and risk, as well as on the more hazardous pesticides), landscape features, nutrient losses and broadband. This, as well as the absence qualitative explanation does not allow a proper assessment of the Plan by the Commission in relation to its consistency with and contribution to the Green Deal targets. Estonia is therefore requested to set quantitative national values for each of these targets and requested to provide explicit information concerning the consistency and contribution of the Plan in relation to them.
29. The Commission notes that eco-schemes, management commitments and elements of conditionality in Estonia's Plan are relevant for contribution to some of the Green Deal targets, and based on limited available information in some cases makes the following comments in relation to the Plan's contribution to the attainment of the said targets:
 - **Anti-microbial resistance:** The Commission recognises that the current Estonian veterinary action plan to fight antimicrobial resistance, together with potentially

relevant interventions proposed in the Plan, can help to maintain and further decrease the relatively low level of antimicrobial consumption in the country.

- **Pesticides:** Regarding the use and risk of pesticides and more hazardous pesticides, although the SWOT analysis identified improper use of pesticides and the need for better understanding of integrated pest management techniques, these aspects are not mentioned in the needs assessment and general intervention logic. Estonia is asked to clarify how these issues will be addressed by the Plan and to ensure relevant contribution to the pesticide targets.
- **Nutrient losses:** The proposed interventions do not seem sufficient to adequately contribute to the common ambition and to address sufficiently the identified needs in relation to improving nitrogen efficiency, and reduce nitrogen and phosphorus losses to water. In the light of the situation with the nutrient pollution of the Baltic Sea, the Commission strongly encourages Estonia to reinforce planned interventions and develop further actions to sufficiently contribute to this target.
- **High diversity landscape features:** The target value of 0.29% by 2028 set for the result indicator R.34 (Preserving of landscape features) suggests a limited progress towards the target. Given that the current share of high-diversity landscape features in Estonia (4.4%) is well below the EU target of 10%, Estonia is invited to strengthen the target value upward and reinforce planned relevant tools with CAP support.
- **Organic farming:** The Commission notes Estonia's current level of 22% of agricultural land farmed organically and welcomes its intention to increase its agricultural area under organic. The Commission asks Estonia to ensure that planned financial allocation would underpin its ambition. If demand is perceived as a limiting factor on the growth of organic farming, the Commission recommends that Estonia consider appropriate steps to develop the market.
- **Rural broadband:** The Commission notes that the Plan appears to contain little or no information about instruments relevant to achieving 100% fast broadband access in rural areas by 2025 – inside or outside the CAP. It strongly requests a clear and full explanation of how Estonia intends to reach the target.

Detailed observations

1. STRATEGIC ASSESSMENT

30. Estonia is requested to verify and improve the links between the SWOT and the identified needs, which are not always consistent. In particular, the needs assessment put forward by Estonia is not sufficiently clear, and in relation to environment and climate it does not appear to cover all relevant needs.
31. The needs in Section 2.1 of the Plan are listed, but they have not been prioritised. Also, the Section lacks a justification for identified needs that are not addressed in the Plan. Moreover, the list includes a number of needs that are marked as 'addressed in the Plan' without a link to any contributing intervention. Estonia is invited to amend this Section so that it would comply with the requirements of point 2.1 of Annex I to Regulation (EU) 2021/2289.
32. The intervention logic for each specific objective (SO) should be clarified and improved by explaining how, and to what extent, the selection of interventions and other possible key elements of the Plan are expected to address the identified needs, consistently with the target values of result indicators and the related financial allocations. The objectives and scope of certain interventions as described in the intervention logic are not consistent with the description of interventions, nor do they provide clear information as to the level of ambition.

To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

Strategic assessment of Specific Objective 1

33. The funding planned annually for CRISS (as indicated in Section 5 of the Plan) appears to be below the required minimum of 10% of the adjusted allocation for the direct payments. The Commission considers that there is not enough evidence to justify a derogation from this requirement.
34. Estonia should provide under Section 3.4 of the Plan an overview of the intended fairer distribution and more effective and efficient targeting of income support. This should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify this, a quantitative analysis showing the combined effects of all relevant income support tools on direct payments per hectare and income by physical farm size is required (e.g. using Farm Accountancy Data Network). The description of the redistribution strategy should describe also its effect for small farms (through e.g. minimum requirements, payments for small farms). Also, Estonia is invited to explain why degressivity and capping are not part of its redistribution strategy.
35. Estonia is invited to provide in Section 3.5 of the Plan a summary of all sector-related interventions (i.e. sectorial and coupled income support interventions as well as interventions under rural development specifically targeting the sectors concerned) as well as to assess their complementarity in relation to the needs identified for the sectors concerned. Currently, this section provides only a description of the various coupled income support (CIS) interventions.

36. Needs cannot be formulated as a need to continue a certain intervention or instrument. It is the underlying need addressed by the related interventions or instruments that is to be included in the Plan. For example, as regards decoupled direct payments, the need should relate to the income situation of the farmers.
37. To improve the consistency between the different sections of the Plan, the sectors that are encountering difficulties and are to receive additional support (e.g. CIS) should be clearly outlined already in the SWOT and its summary.
38. Estonia is invited to provide an overview of consistency between the envisaged CIS interventions and the Directive 2000/60/EC (Water Framework Directive - WFD) in accordance with Article 109(2)(c) of the SPR (in Section 3.3 of the Plan). This section should provide a thorough explanation on the interplay between CIS for different products and their combined impact on water quality and quantity.
39. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Estonia is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions to specific types of farming within a sector and CIS adapted to different local context).
40. While the part in the SWOT dedicated to risk management is short and general, a linked need (V1.3) has been identified. The proposed intervention to partly cover agricultural insurance premium seems not sufficient to fully address the identified need.
41. Risk management tools may address the growing risks that the changing climate represents in agriculture. Estonia is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.
42. Estonia is invited to provide a more elaborated risk management strategy under Section 3.6 of the Plan. This section would benefit from detailed description of relevant interventions, including sectoral interventions, and national tools that contribute to helping farmers to manage risks.

Strategic assessment of Specific Objective 2

43. While the SWOT is rather comprehensive, the intervention strategy would benefit from stronger links between identified opportunities/weaknesses, established needs and proposed interventions to address them.

Strategic assessment of Specific Objective 3

44. Estonia intends to implement sectoral interventions only in apiculture (where it is compulsory). This is also compulsory for fruit and vegetables sector when there are recognised POs, and Estonia does plan to support under EAFRD Cooperation intervention 3.3 setting up of recognised POs.

45. Estonia has identified under SO3 needs to motivate producers to concentrate in cooperatives and increase concentration of farmers. Likewise, Estonia has identified the following weakness under SO3: lack of cooperation between the majority of farmers and willingness to engage in joint activities. Sectoral interventions do both – improve cooperation (as the support is channelled through PO there is an incentive to form POs) as well as competitiveness of the sector concerned (as the support is designed and co-financed by the producers themselves). Estonia is invited to explain why those identified needs and weaknesses are not addressed by sectoral interventions in relevant sectors, e.g. such as dairy, which is instead granted coupled support.
46. V3.4 states a need for increased knowledge of producers about joint activities, quality schemes and other forms of cooperation. While the description of the need does not fully match its title, Estonia could consider reinforcing under linked interventions the improvement of knowledge regarding EU geographical indications' scheme and the possibilities they encompass.

To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement

Strategic assessment of Specific Objective 4

47. The Commission welcomes the inclusion of material relevant to SO4 in the proposed Plan. However, the general points made under the key issues in relation to the environment and climate apply to the approach under this specific objective, and therefore significant improvement is needed. On that basis, the following key issues need to be addressed among others in relation to SO4 (see also subsequent sections of this document in some cases).
48. Estonia should make explicit, sufficiently detailed references to relevant elements of Estonia's NECP and planning tools on mitigation of and adaptation to climate change (as provided for in the climate change legislation listed in Annex XIII to the SPR). It should ensure that its needs assessment and proposed responses to those needs adequately reflect the NECP and other planning tools, offering an appropriate contribution to related targets. Moreover, Estonia is invited to provide an estimate of the mitigation potential under the concerned interventions.
49. More broadly, as stated under the key issues, Estonia should ensure that the needs assessment in the proposed Plan in relation to SO4 covers all relevant needs and describes them clearly.
50. In particular, the Commission invites Estonia to ensure that the needs to make enteric fermentation more efficient and protect peatlands (including through re-wetting where appropriate) are clearly set out, as these are important aspects of the fight against climate change. Linked to this, Estonia is also invited to consider quantifying the relevant result indicator R.13 (Reducing emissions in the livestock sector).

51. The Commission welcomes the inclusion of “timely execution of [forest] cuttings” in the needs assessment, and invites Estonia to prove that this contributes effectively to “timely forest regeneration”.
52. The future GAEC standard 2 will be important for protecting Estonia’s extensive peatlands. Estonia has expressed an intention to implement this GAEC standard from 2025 onwards. However, given the high presence of peatland in the country and its importance for carbon sequestration, the Commission seeks provisional indications of the requirements which Estonia is considering under that GAEC standard. Estonia should also ensure that support for investments in drainage as proposed in the Plan do not result in further damage to peatlands.
53. As stated under the key issues, the Commission sees a need to clarify and – according to what is revealed by such clarification – very probably strengthen several of the eco-schemes and agri-environment-climate management commitments proposed by Estonia. This need is relevant to SO4 as Estonia proposes to address that objective with a number of these interventions. For example, the crop rotation requirement of the eco-scheme for environmentally friendly management (intervention ÖK1) is relevant to carbon sequestration but it appears not to go beyond GAEC standard 7. (See additional details on this and other cases in subsequent sections of this document.)
54. The Commission notes that the identified needs V4.3 and V4.7 are not addressed in the Plan. Estonia is invited to review and adapt the intervention strategy accordingly.

Strategic assessment of Specific Objective 5

55. The Commission welcomes the inclusion of material relevant to SO5 in the proposed Plan. However, the general points made under the key issues in relation to the environment and climate apply to Estonia’s approach under this specific objective, and therefore improvement is needed. On that basis, the following key issues need to be addressed among others in relation to SO5 (see also subsequent sections of this document in some cases):
56. Estonia should make explicit, sufficiently detailed references to relevant elements of Estonia’s various action plans drawn up in accordance with key legislation on air quality, nitrates, water quality and pesticides (as listed in Annex XIII to the SPR). It should ensure that its needs assessment and proposed responses to those needs adequately reflect the action plans in question, offering an appropriate contribution to related targets.
57. More broadly, as stated under the key issues, Estonia should ensure that the needs assessment in the proposed Plan in relation to SO5 covers all relevant needs and describes them clearly.
58. In particular, the Commission invites Estonia to ensure that the needs to improve nutrient management and encourage the sustainable use of pesticides are clearly set out. Indeed, adequate attention to both of these needs would bring benefits not only in terms of natural resources but also biodiversity and (in the case of nutrient management) climate change mitigation.

59. As stated under the key issues, the Commission sees a need to clarify and – according to what is revealed by such clarification – very probably strengthen several of the eco-schemes and management commitments proposed by Estonia. This need is relevant to SO5 as Estonia proposes to address that objective with a number of these interventions. For example, the soil cover and crop rotation requirements of the eco-scheme for environmentally friendly management (intervention ÖK1) are relevant to soil protection and soil quality but appear not to go beyond GAEC standards 6 and 7. (See additional details on this and other cases in subsequent sections of this document.)
60. The Commission encourages Estonia to explain the links with the Best Available Techniques (BAT) conclusions including BAT-associated emission level (BAT-AEL), notably in the context of reducing emissions of pollutants from installations (e.g. ammonia).

Strategic assessment of Specific Objective 6

61. The Commission welcomes the inclusion of material relevant to SO6 in the proposed Plan. However, the general points made under the key issues in relation to the environment and climate apply to Estonia’s approach over this SO, and therefore improvement is needed. On that basis, the following key issues need to be addressed among others in relation to SO6 (see also subsequent sections of this document in some cases):
62. Estonia should make explicit, sufficiently detailed references to relevant elements of Estonia’s action plans drawn up pursuant to the Union legislative Acts concerning the environment and climate (as referred to in Annex XIII to the SPR) – especially its PAF. It should ensure that its needs assessment and proposed responses to those needs adequately reflect the action plans in question, offering an appropriate contribution to related targets.
63. More broadly, as stated under the key issues, Estonia should ensure that the needs assessment in the proposed Plan in relation to SO6 covers all relevant needs and describes them clearly.
64. The Commission requests Estonia to ensure in particular that the needs to increase the presence of high-diversity landscape features and improve management of semi-natural grasslands are clearly set out.
65. As stated under the key issues, the Commission sees a need to clarify and – according to what is revealed by such clarification – very probably strengthen several of the eco-schemes and management commitments proposed by Estonia. This need is relevant to SO6 as Estonia proposes to address that objective with a number of these interventions. For example, in the case of the eco-scheme for ecological focus areas (intervention ÖK3), areas under nitrogen-fixing crops would be eligible for payment, but to ensure benefits with regard to biodiversity it would be important that no plant protection products are permitted on these areas, and this is not stated. Also, ÖK3 is heavily focussed on areas under the current “greening” requirements but it could be better targeted to support, for example, farmland birds on arable land. (See additional details on this and other cases in subsequent sections of this document.)

66. The EU Biodiversity Strategy for 2030 highlights the need to reverse the decline in pollinators. Taking into account that the status of pollinators is mentioned in the SWOT only very briefly, Estonia is invited to further elaborate on it and to ensure that the proposed actions are sufficient for tackling the issue.
67. Estonia is encouraged to consider the Guidelines on close-to-nature forest management and on old-growth forests currently under preparation, where relevant, and distribute them to beneficiaries and managing authorities once they are adopted and published.

To strengthen the socio-economic fabric of rural areas

Strategic assessment of Specific Objective 7

68. Estonia is invited to provide the overview of the generational renewal strategy in accordance with Article 109(2)(b) of the SPR.

Strategic assessment of Specific Objective 8

69. Tackling poverty, gender gaps and contributing to improving access to basic services in rural areas through investments in economic and social infrastructures and services are key to improve the situation in rural areas. Links to these social challenges are missing from the SWOT and from the the assessment of needs (V8.1. and V8.2. are targeting different needs). Also, the priority categories of the SO8 needs are not presented. Therefore, Estonia is invited to identify and prioritize social related needs for SO8.
70. Estonia acknowledges in the SWOT analysis (weaknesses) that there are regional and social inequalities, including the pay gap between men and women, but the selection of the needs and intervention logic does not provide any response to these inequalities. In that light Estonia should explain how they are going to address the gender inequalities under the Plan.
71. More information on complementarities with other instruments, for example European Social Fund Plus (ESF+), might help clarifying the intervention strategy.
72. The SWOT analysis is thorough as regards renewable energy and the bio-economy but the outcomes need to be restructured. Estonia is invited to include the information related to renewable energy in SO4 while the bio-economy should fall under SO8. Estonia could therefore adapt the needs and intervention strategy accordingly; in particular, to review the need V4.2. (Favour environmentally friendly production, investment, circular bio-economy solutions) and the need V8.5 (Contribute to the creation of smaller biorefineries suitable for primary producers).
73. The SO8 intervention strategy would benefit from more elaborated explanations on how the Plan will provide for scaling up the deployment of the circular and sustainable bio-economy. Also, SO8 may seem to be addressing the promotion of the bio-economy, but the role of sustainable forestry and its links with the bio-economy are not clear.

Strategic assessment of Specific Objective 9

74. The Commission notes that the ambition of the interventions on animal welfare (9.1 and 9.2) stay rather low. Moreover, there is no rationale in the SWOT analysis to justify the sub-intervention on horses under intervention 9.1. Estonia is asked to address this incoherence. More details on animal welfare are provided later in this document. In addition, Estonia is invited to encourage the keeping of animals in non-confined housing system for laying hens, calves and sows.
75. Regarding the proposed investment intervention KK1, the Commission notes that the intervention proposed will likely contribute to improve the basic biosecurity standards in farm animals. However, Estonia is requested to consider concrete actions to improve biosecurity in the entire pig sector, in particular in small commercial farms.
76. While the Plan acknowledges the need to increase awareness of healthy diets, interventions proposed seem to be limited. The Commission therefore invites Estonia to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.
77. A need dedicated to food waste reduction has been identified (V9.7). Food waste is also part of the needs to be addressed by knowledge transfer (V0.4 and V9.9). However, no specific interventions/actions linked to these needs are found in the Plan. Therefore, Estonia is invited to provide more details on the link between the needs identified in relation to food waste and the interventions proposed, and to clarify if the actions on food waste prevention mentioned in the Plan to be taken outside the CAP (e.g. national food waste prevention strategy) are coordinated with relevant actions under the Plan.
78. The Plan describes a range of appropriate actions, which could contribute towards reduction of use and risk of chemical pesticides and promote integrated pest management. The Commission notes that Estonia has set target values for result indicators R.24 (Sustainable and reduced use of pesticides) and R.29 (Development of organic agriculture). However, the proposed value for indicator R.24 is very modest, thus Estonia is invited to consider reinforcing its Plan in the area of pesticides.
79. Improvements in social inclusion and basic services appear to be supported only under the LEADER intervention. However, according to the relevant result indicator R.38 (LEADER coverage), only 65% of rural population is to be covered by the local development strategies. Estonia is invited to elaborate on addressing the needs of the rural population, including on possible demarcation with other EU funds active in rural areas.

Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training

Strategic assessment of the Cross-cutting Objective

80. In addition to the observation made in the Key issues section of this document, Estonia is invited to revise its digitalisation strategy in consistency with the overall SWOT analysis and needs assessment. The strategy has to sufficiently reflect on aspects related to digitalisation in rural areas including the assessment of the risk of digital divides. It is to be reflected how the different instruments contribute to the uptake and effective deployment of digital technologies. Synergies of CAP funding with relevant national and other EU instruments are to be outlined. For instance, in Estonia the synergies between the CAP and Digital Innovation Hubs funded under the Digital Europe Programme or the Horizon Europe Partnership on Agriculture of Data might be relevant to further boost digitalisation in agriculture and rural areas.
81. The Commission notes that Estonia does not intend to address the identified need V8.3 (Ensuring access to high-speed data, encouraging the take-up of modern ICT technologies) through the Plan. While an identified need may be addressed by other instruments outside the Plan, the relevant explanations have to be included in the description of the strategy. In particular, Estonia is requested to explain how the intended actions will contribute to reaching the EU connectivity objectives in 2025 and 2030 in rural areas.
82. Given the importance of Horizon Europe in tackling issues such as soil health, climate change, biodiversity, food systems and competitiveness, Estonia is invited to consider actions creating synergies between the Plan and Horizon Europe actions with specific attention to the European Innovation Partnership (EIP) Operational Groups and Horizon Thematic Networks and Multi-actor projects. Estonia is invited to provide additional information on links of the Plan with the Horizon Europe Programme, Missions and the Partnerships in particular with the Missions “A soil deal for Europe“, “Adaptation to Climate Change” and “Restore our Ocean and Waters by 2030”.
83. The Agricultural Knowledge and Innovation System (AKIS) in Estonia needs further improvement because it is too fragmented and not sufficiently funded. An adequate funding is needed to enhance farm advice and its take up, and sharing of knowledge and good practices through innovative projects. Thus, Estonia is invited to consider allocating sufficient funding to the contributing actions and making sure that a broad target group of participants can engage in the interventions for the European Innovation Partnership (EIP) cooperation, knowledge exchange and advice throughout the entire programming period.
84. Knowledge and innovation in agriculture need to take into consideration different pressures on the environment and the possible solutions to alleviate them, in order to enable a transition to a sustainable agriculture. This will require a significant effort in advice, coaching and innovation to prepare farmers for embracing the necessary changes, as well as involving the trusted advisors and providing them with dedicated trainings. Estonia is invited to specify further how the knowledge transfer and advice interventions will enforce the uptake of environmentally friendly practices.

Moreover, Estonia is invited to consider including in the Plan knowledge transfer/advice actions related to biodiversity and interactions between biodiversity and agriculture/forestry.

85. The identified need V6.7 states that “there is no intervention to monitor landscapes, biodiversity and ecosystem services”. Thus, Estonia is invited to consider addressing this issue.

Simplification for final beneficiaries

86. Article 109(2)(i) of the SPR requires providing an explanation of how the interventions and elements common to several interventions contribute to simplification for final beneficiaries and reducing the administrative burden. Such explanation is not included in the submitted Plan (Section 3.9).
87. Under Section 3.9 of the Plan Estonia should also provide details on the timeframe of the modernisation strategy and about its link to the different integrated administration and control system (IACS) elements, and on the sharing of the data sets collected through the integrated system as required by Article 67(3), (5) and (6) of Regulation (EU) 2021/2116.
88. Among other elements, Estonia is invited to provide information on the following elements:
 - the communication channels with applicants put in place when non-compliances with eligibility conditions are detected by the administrative checks or the area monitoring system;
 - whether and how new technologies will be used for non-IACS controls;
 - whether the area monitoring system will be used for *force majeure* cases; and
 - whether the Farm Advisory System will cover also digital technologies in agriculture and rural areas and on how farmers are informed about it.

Target plan

89. Several result indicators relating to SO4, SO5 and SO6 are not quantified, show low or very low ambition. This is particularly questionable in areas where the needs for action are clearly identified. This is the case not only for the result indicators related to area measurements but also for those related to knowledge transfer and investments aimed at higher environmental and climate performance.
90. Estonia is requested to address the incoherencies in the target plan, and between the target plan and the other sections of the Plan.

2. OPERATIONAL ASSESSMENT

91. Throughout the Plan the information regarding State aid assessment has not been properly filled out. Estonia is invited to provide this information in accordance with Article 111(1) of the SPR and point 5(e)(vii) of Annex I to Regulation (EU) 2021/2289.

92. Rural development support that is not covered by the exemption under Article 145 of the SPR must comply with the compatibility conditions set out in applicable State aid instruments, and is subject to State aid procedures, in accordance with the instrument chosen by the Member State.
93. For activities falling outside the scope of Article 42 of the Treaty on the Functioning of the European Union (TFEU), there needs to be an exclusion of companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State aid rules. Estonia should consider adding this element to Section 4.7.3 of the Plan.
94. Point 111(f) of the SPR sets out that the information on compliance with the World Trade Organization (WTO) agreements needs to be presented in the Plan. This includes an indication of the relevant paragraph of Annex 2 to the WTO Agreement on Agriculture under each intervention concerned, and an explanation of how the intervention complies with the criteria of the ‘Green Box’, ‘Amber Box’ or ‘Blue Box’. While the indication of the relevant paragraph of the mentioned Annex 2 is provided for some interventions, the needed explanation is missing throughout the Plan. Estonia is asked to adapt the Plan so that the WTO compliance may be assessed.

Minimum ring-fencing

95. As the overview table of the financial plan (Section 6.1) has not been filled out, the fulfilment of ring-fencing requirements cannot be properly assessed. The Commission asks Estonia to provide the relevant data, without which the Plan cannot be considered complete.

Definitions and minimum requirements

96. The information provided in Sections 4.1 and 4.2 of the Plan needs better structuring and further clarifications; Estonia is invited:
 - to place maintenance criteria under Section 4.1.1.2, instead of Section 4.1.1.1;
 - to place definitions of agricultural areas under Sections 4.1.2.2 (arable land), 4.1.2.3 (permanent crops) and 4.1.2.4 (permanent grassland), instead of Section 4.1.1.2;
 - Section 4.1.2.1: to provide information on the elements of agroforestry based e.g. on type of trees, their size, number, distribution in relation to pedo-climatic conditions or management practices (whether or not differentiated per type of agricultural area);
 - Section 4.1.2.3.2: to provide a minimum planting density of willow and reconsidering the definition which limits the scope of the framework definition laid down in Article 4(3)(b) of the SPR as to the restriction to cultivate only areas of low quality (soil bonity up to 35 points);
 - Section 4.1.3.2:
 - o to provide a list of criteria to verify that land is actually and lawfully at farmer’s disposal; and

- to place the information on minimum size of agricultural area claimed for support under Section 4.1.7.1, while the information on minimum size of the parcel – either under the basic income support for sustainability (BISS) or under IACS part of the Plan, depending on its intended applicability;
 - Section 4.1.3.3: to indicate the period during which an area has to comply with the definition of ‘eligible hectare’;
 - Section 4.1.4.1: to provide criteria, which identify active farmers, and which are others than the minimum requirements under Section 4.1.7; to recall, the policy objective of active farmer provision is to ‘further target’ support beyond the minimum requirements clause referred to in Article 18 of the SPR;
 - Sections 4.1.5 and 4.1.6: to determine the conditions for head of holding in case of legal entity and providing details on the appropriate training/skills;
 - to place minimum requirements to receive direct payments under Section 4.1.7 instead of Sections 4.1.3.2 and 4.1.4.1 and including monetary threshold; and
 - Section 4.1.7.2: based on qualitative and quantitative information, to provide a justification as to how the thresholds set ensure the reduction of administrative burden and contribute to the objective of supporting ‘viable farm income’.
97. The information provided in Section 4.3 on Technical Assistance includes only the rate to be used to finance the technical assistance without providing any meaningful information on the objectives, on the scope and the planning of the activities nor on the intended beneficiaries. Estonia is invited to revise this section.
98. The information provided in Section 4.4 of the Plan on the National CAP Network does not contain sufficient details to assess the overall functioning of the network. In particular, more detailed information would be needed on activities of the National network as related to involvement of new participants (Pillar 1), the EIP and AKIS strand to increase knowledge flows, monitoring and evaluation activities, and work with LEADER/other territorial initiatives, as well as information on the timeline of setting up the network. Estonia is invited to consider revising the text in order to include further details on these elements.
99. Article 110(d)(v) of the SPR requires providing an overview of the coordination, demarcation and complementarities between the EAFRD and other Union funds active in rural areas, including the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Programme for the Environment and Climate Action (LIFE), the Digital Europe Programme (DEP), Connecting Europe Facility (CEF2) Digital and Horizon Europe. No such overview is included in the Plan. An explanation of how the other EU funds/ instruments will address the identified needs which are not or are partially covered by the Plan is also missing. Estonia is requested to provide these elements in Section 4.5 and in other sections of the Plan, where appropriate.
100. As the European structural and investment funds’ (ESIF) programmes and the Partnership Agreement for Estonia have not yet been approved, Estonia is asked to update the information and add relevant details on complementarity, synergy and demarcation between the Plan and the ESIF funding following the approvals, in particular in Section 4.5.

Interventions and baseline

Conditionality

GAEC 2

101. Estonia is requested to provide a justification for the implementation of this GAEC from 2025 as footnote 1 to GAEC 2 in Annex III to the SPR sets out that the delay in the GAEC application shall be justified based on the needs for the establishment of the management system and in accordance with a detailed planning. Moreover, Estonia is invited to provide further clarification on whether there is an existing national mapping that can be used to trigger the application of the standard earlier. If this is not the case, Estonia is requested to provide a planning of the mapping exercise and the setting up of the management system.

GAEC 3

102. Estonia is required to elaborate on the derogations that may be granted by the Environmental Board for burning dead grass and hay, and explain how this is in line with the requirements of this GAEC.

GAEC 4

103. The width proposed (1 m) for buffer strips along water courses is below the minimum requirement (3 m). If Estonia intends to make use of the exemption set out in footnote 1 to GAEC 4 in Annex III to the SPR, allowing Member States to adjust the minimum width of buffer strips in areas with significant dewatering and irrigation ditches according to specific local circumstances, a justification is required.

GAEC 5

104. Estonia is invited to consider revising the proposed applicable slope gradient so that the risk of erosion could be further reduced. Also, Estonia is invited to provide information on how the list of mentioned techniques is implemented (i.e. is it a pick-and-choose menu for farmers?) and clarify the scope of “other activities to prevent soil erosion”.

GAEC 6

105. The requirement concerns arable land and permanent crops and applies to 100% of the arable land to which the beneficiary is entitled to use (excluding temporary pastures). Grassland cannot be included in the calculation of winter vegetation. Also, the requirement apply at national level. In line with footnote 3 of Annex III to the SPR, Member States may adapt the minimum standards in certain regions only in duly justified cases. However, this does not constitute an exemption from the GAEC.

106. Thus, in order to ensure that this standard is fully in line with the SPR, Estonia is requested to revise the GAEC definition, to ensure a comprehensive coverage of soil at farm level and to duly justify if certain regions may be subject to an adapted minimum standard taking into account the short vegetation period. In addition, in

relation with sensitive period, the minimum duration of the standard should be provided as well.

GAEC 7

107. Estonia is invited to confirm that all parcels of the holding will be subject to crop rotation at least every two/three years.

GAEC 8

108. In order to ensure an adequate contribution of this GAEC to its objective, Estonia is requested to provide the weighing factors that shall be used for all features. The weighing factors should be coherent with the benefits provided for biodiversity, and appropriately justified.

109. Estonia is also requested to explicitly set out in the standard description all additional information required, in particular to provide a list of landscape features to be protected (retention obligation on all types of agricultural land) and to ensure that only minimal maintenance will be performed on land lying fallow (incl. ban on grazing). Estonia is invited to include small ponds/wetlands that will prove beneficial for biodiversity.

GAEC 9

110. Estonia is requested to indicate the total area covered by GAEC 9.

111. As the description of areas falling under this GAEC is not fully clear, Estonia is requested to clarify and adapt the description accordingly.

112. Considering the importance of this GAEC (currently under greening) to protect the pastures of high natural value, Estonia is invited to consider a large definition of these areas taking into account the current grassland status and trends in the recent report of 'The state of nature in the European Union - Report on the status and trends 2013-2018 of species and habitat types by the Birds and Habitats Directives (European Commission Report, October 2020)' on the conservation of grasslands protected habitats, and the objective to achieve a good conservation status of these valuable grasslands.

For direct income support

BISS (Articles 21-28 of the SPR, Section 5.1 of the Plan)

113. Not establishing minimum and/or maximum unit amounts does considerably limit the possibility to use the financial flexibility provided for in the SPR. This observation applies also to other interventions in the form of direct payments. Estonia is invited to consider making use of this flexibility.

114. Applicable minimum requirements, definition of agricultural land, definition of agricultural activity, etc. should be included in Section 4.1 and are not to be repeated in Section 5.

CRISS (Article 29 of the SPR, Section 5.1 of the Plan)

115. In addition to the relevant observations made earlier in this document, Estonia is asked to explain how the unit amount was established. The justification provided explains only why support is needed. The justification of this unit amount and the thresholds should primarily be based on data related to the redistribution needs. In particular, the exclusion of farms below 10 ha should be elaborated. The sole fact that the farms below 10 ha have a limited contribution to the total agricultural production does not justify in itself the exclusion of these farms from CRISS. In addition, further evidence is needed as regards the relevance of the maximum threshold (130 ha).
116. CRISS intervention is linked to result indicator R.6 (Redistribution to smaller farms), but no quantified value is provided for it. Estonia is required to correct this incoherence.

CISYF (Article 30 of the SPR, Section 5.1 of the Plan)

117. Estonia is invited to specify the conditions for being “newly set up” and to explain the hectare threshold and the unit amount in view of contributing to attract and sustain young farmers.

Eco-schemes (Article 31 of the SPR, Section 5.1 of the Plan)

118. The Plan includes 5 eco-schemes that have a potential for environmental benefit but are missing crucial details.
119. For all eco-schemes the information as regards the identification of relevant baseline elements and relevant mandatory national standards are missing. Without this information the assessment of the proposed interventions cannot be completed.
120. The eco-schemes lack or are poor in description of territorial scope, commitments and requirements for eligibility, making their full assessment impossible. Also, their contribution to the overall Green Architecture is not properly explained. The targets to be achieved with the eco-schemes need to be better justified, as well as the selection of result indicators.
121. A clarification is needed as regards possible combinations of several eco-schemes and/or interventions under Article 70 of the SPR (agri-environment-climate commitments) on farm level.
122. Intervention ÖK1 (environmentally friendly management): The Commission notes with a strong concern that this intervention, which seems to feature a very low level of ambition, is granted the biggest share of the budget assigned for eco-schemes.
123. The proposed commitments as regards soil cover and crop rotation do not seem to go beyond the relevant GAEC requirements, which, is, however, required for eco-schemes.
124. Further explanations are needed for the choices that the beneficiary can make, also a clear breakdown of requirements per group of crops would help providing the needed clarity.

125. The optional sub-measure supporting liming allows liming if organic (peat) soil is less than 30% of the parcel. Estonia is invited to reconsider this threshold as peat soils should not be limed at all.
126. Intervention ÖK2 (organic farming): The contribution of this eco-scheme to result indicator R.20 (Improving air quality) requires further explanations.
127. Intervention ÖK3 (ecological focus areas - EFAs): While nitrogen fixing crops are eligible as part of a basic EFA commitment, the needed ban of plant protection products is not clearly indicated. The articulation with baseline and GAEC 8 (relevant options to be selected) need to be clarified and taken into account in the calculation of support, if relevant. The given options might lead to a high share of EFAs covered by nitrogen fixing crops, resulting in low or no benefits for biodiversity. Estonia is invited to reconsider the indicated options, e.g. by setting a limit on nitrogen fixing crops on farm or national level or to foster more biodiversity-friendly landscape features.
128. Intervention ÖK4 (preservation of ecosystem services on arable land): The definition of ecosystem services needs to be described in more details. It is not evident what type of area and the minimum share of area that needs to be selected by the beneficiary.
129. Intervention ÖK5 (support for bee-harvesting area): It is not evident what type of area and the minimum share of area that needs to be selected by the beneficiary.
130. Also, there seems to be a risk of overlapping with ÖK1 (top up for organic farming) and ÖK2 (support for conversion and maintenance).

CIS (Articles 32-35 of the SPR, Section 5.1 of the Plan)

131. All proposed CIS interventions lack information needed for the assessment. Thus, Estonia is invited to provide for each CIS intervention the missing information under point 8 (Additional questions/information specific to the Type of Intervention), including description of:
 - the difficulties experienced by the sector;
 - the aim of the intervention;
 - how it is to improve competitiveness, quality and/or sustainability of the sector;
 - the importance of the sector; and
 - consistency of the CIS intervention with the WFD.
132. Based on the difficulties identified and the aim of CIS interventions Estonia could consider possibilities to further refine the eligibility conditions.
133. CIS interventions are linked either to SO2 (dairy, sheep and goat, cereals) or SO3 (suckler cow, horticulture). However, linking each intervention to both SO1 and SO2 would be more consistent with the need addressed and the probable aim of interventions (that also is to be clarified).

134. It is worth to note that besides the result indicator R.8 (Targeting farms in specific sector), all CIS interventions could also be linked to R.4 (Linking income support to standards and good practices), R.6 (Redistribution to smaller farms) and R.7 (Enhancing support for farms in areas with specific needs).
135. The justification of the unit amount could be further complemented by including detailed calculations within the appropriate section in the SWOT analysis.
136. The Commission would also strongly recommend to include the planned variation around the unit amount (minimum and maximum amount), as already mentioned under the observation concerning the BISS intervention.
137. In addition, for those interventions that were designed, to a large degree, as continuation of the current Voluntary Coupled Support measures (sheep and goat, dairy, fruit and vegetables), the unit amount appears to have significantly increased along with the number of planned outputs. Estonia is invited to clarify if the underlying situation of the sectors deteriorated to the extent that would warrant such an increase, in particular taking into account the higher number of animals/hectares supported.

For sectorial interventions

Apiculture (Articles 54-55 of the SPR, Section 5.2 of the Plan)

138. The proposed apiculture interventions lack structure and information needed for the assessment. Thus, Estonia is invited to:
- include under Section 3.5.2, a description of a reliable method for determining the number of beehives in the territory ready for wintering from 1 September - 31 December as required in Article 37 of Regulation (EU) 2022/126;
 - incorporate in the description under Section 3.5.2 an overview and analysis of the sector, which leads to the identification of the needs and justification of the interventions chosen to address them;
 - explain how the result indicator R.35 (Preserving beehives) was calculated and justify the rather modest target of 19.25% set for this indicator. In addition, as only interventions falling under Article 55(1)(b) of the SPR should contribute to this indicator, the contributions of other interventions should be revised accordingly;
 - name the interventions according to the support provided and type of intervention they refer to;
 - revise the proposed interventions by providing the required information under each section in a clear and structured way and only that information which is relevant to the intervention, avoiding repetition and unnecessary information. It should include a description of how the specific intervention addresses the sectoral objectives, followed by the specific actions supported, eligible expenditure (providing at least some examples of eligible costs), beneficiaries and eligibility conditions. The eligibility conditions and requirements need to be set and described in the Plan and not only later in national legislation or call for proposals;

- better justify and explain under point 9 of every intervention how the planned unit amounts and outputs as well as the indicative financial allocations were determined. Also, a link to the information provided under point 6 should be evident; and
- clarify demarcation with EAFRD interventions.

139. Annual indicative financial allocations under Section 5 of the Plan do not correspond to the planned amounts in the Financial Overview table in Section 6. Estonia is invited to verify the information on the financial planning accordingly.

For rural development

140. When simplified costs are indicated as the form of support, the establishment of the amount needs to be explained with a reference to the relevant legal basis. Estonia should adapt the descriptions of the interventions accordingly, where applicable.
141. Regarding the applicable support rates, Estonia is invited to include the minimum and maximum rates that will be applied, where this information is missing.
142. Applicable to all area based interventions in Articles 70-72 of the SPR, Estonia should provide a brief description of the method of calculating the amount of support, and its certification, in accordance with Article 82 of the SPR. The descriptions should be included under point 7 of each intervention concerned. The certified method of calculation, when carried out by an independent body, or if it has been carried out by the Managing Authority, the certification by an independent body needs to be provided in an Annex to the Plan.

Management commitments (Article 70 of the SPR, Section 5.3 of the Plan)

Animal welfare

143. It is not evident from the description of the intervention how it does contribute to SO5 and SO6. Estonia is requested to clarify this.
144. In addition, the sub-intervention for dairy cattle seems not to contain commitments concerning the minimum grazing period (usually 120 days per year).
145. Regarding the sub-intervention on pigs, the Commission notes as positive elements the providing of anaesthesia and analgesia for castration, as well as the small increase in space allowances. However, the ambition stays rather low and includes support also for elements that are part of the legislation (manipulable materials, assessment protocol), while other improvements could have been added to reduce the need for tail docking (like flooring, diet, thermal comfort, etc.).
146. Also, the sub-intervention for poultry stays very close to legal obligations and would benefit from increased ambition.
147. The sub-intervention for quails supports holdings with birds kept in cages. Hence, the intervention does not respond enough to the call of European citizens to phase out cages.

148. Estonia is invited to address these issues and to revise the Plan accordingly.

Agro-environment-climate commitments (AECCs)

General comments to all three AECCs (interventions KK4, KK5, KK6):

149. The inter-relations between SOs, needs and result indicators addressed by the individual operations need to be clarified, e.g. the needs listed do not necessarily cover all SOs listed, not all operations seem relevant for all result indicators chosen.
150. The complementarity between these AECCs and the eco-schemes should be better explained. These interventions seem to address areas with specific/regional problems not or only partially covered by the eco-schemes. Potential overlap as well as the possibilities to combine different interventions should be explained under both types of intervention respectively.
151. Point 6 of every intervention description needs to be duly filled out, also, it should be confirmed whether the relevant baseline elements include the elements of the commitments going beyond the relevant GAECs or only the relevant parts of the GAEC itself, as implemented in Estonia. This is particularly relevant for GAEC 2, implemented only from 2025.
152. The reasons for only partial compensation of the cost incurred and income foregone are missing. The Commission invites Estonia to consider full compensation, to ensure consistency with the targets set.
153. Several of the elements requested by the template of the Plan are missing and planned unit amounts are incomplete for some of the individual commitments. This has a significant impact on the total allocation.

Intervention KK4

154. This intervention has the potential to address important needs as to soil and water protection, however it is rather limited in planned coverage of hectares (though, several figures for the output indicator are still missing). Its contribution to the reduction of nutrient losses should be explained, if relevant.
155. Regarding interventions on peat soils Estonia is invited to explain how the mowing of grasslands on peat soils once or twice during the commitment period is in line with GAEC 2. Furthermore, KK4.2 on peat will be implemented already in 2024, when GAEC 2 is not yet implemented.
156. Estonia is invited to consider adding provisions related to the other dimensions of soil health.

Interventions KK5 and KK6

157. The effective management of semi-natural grasslands is highlighted in the PAF for CAP funding. In particular, the KK5 is rather limited in planned coverage of hectares. KK6 covers more area, but it is not known whether this expands beyond the area currently supported under the rural development programme.

158. Estonia is invited to consider the role of KK5 and KK6 also in managing grassland carbon stocks.
159. The terminology and definitions should be clarified, in particular as to the various types of grassland addressed and eligible area, as well as potential inclusion of Natura 2000 grasslands. If this is the case, result indicator R.33 (Improving Natura 2000 management) could also be relevant.
160. Additional performance-based activities: does the reference to the LIFE project mean that this ancillary operation will only be implemented later, when results from the LIFE project will be available? It should be noted that the approval of this operation is not possible on that basis. A later introduction via an amendment of the Plan should be envisaged in such a case.

Genetic resources

161. Intervention KK8 needs to comply with the provisions of Article 45 of Regulation (EU) 2022/126, notably that the endangered status must have been scientifically established, and the number of breeding females at national level must be stated.

Natura 2000/ WFD payments (Article 72 of the SPR, Section 5.3 of the Plan)

Natura 2000 Forest area

162. The description of the intervention lacks reference to forest or Natura 2000 management plans (also there is no information on the threshold area for requesting such plan).
163. Two unit amounts are foreseen but it is not possible to understand what the difference is concerning the restrictions in these two areas leading to different unit amounts. Estonia is invited to clarify.
164. Given that agriculture remains the main pressure and there is a need to ensure non-deterioration of habitats and to prevent disturbance of species in the sites, Estonia is invited to consider programming compensation payments for mandatory requirements on Natura 2000 agricultural land and those resulting from the WFD established under the relevant planning documents (including the 3rd river basin management plans). This could complement voluntary approaches under other instruments.

Investments, including investments in irrigation (Articles 73-74 of the SPR, Section 5.3 of the Plan)

Observation applicable to all investment interventions:

165. Estonia is invited to provide information, where relevant, on the eligibility of second hand equipment, lease purchase and value-added tax, and on durability requirements for the supported investments.
166. In addition, it would be appropriate to explain consistency and synergies with the relevant sectoral interventions.

Intervention 1.9: Investments in modernisation of agricultural infrastructure (land improvement systems and roads)

167. The distinction between (a) support to agricultural infrastructure for holdings and (b) public infrastructure open to all farmers and the general public is missing. Investments covering public and private investments cannot be easily programmed under the same intervention due to different conditions: both in terms of beneficiaries and support rates.
168. Also – depending on the type of beneficiary – different output indicators are applicable (in case of on-farm productive investments output indicator O.20 should be considered).
169. Links to SO1, SO4 and SO5 and result indicator R.27 (Environmental or climate-related performance through investment in rural areas) do not seem justified and need to be better explained. When the beneficiaries are farmers, the intervention could be rather linked to R.9 (Farm modernisation) and R.26 (Investments related to natural resources).
170. Estonia is asked to explain how it is ensured that the investments into land improvement systems do not have significant negative environmental impact and whether there is the necessary safeguard for protecting waters resources, biodiversity and nature (also in view of future climate change impacts).
171. It is stated that the construction of new irrigation systems is eligible under this intervention. If so, the requirements of Article 74 of the SPR need to be respected and included as relevant eligibility conditions. In case investments in water reuse are also included, compliance with the Regulation (EU) 2020/741 should be ensured.
172. Estonia is invited to justify the proposed priority for ‘first-time applicants’ and clarify the eligible costs.

Interventions 3.1.1 and 3.1.2: Cooperative investments in tangible and intangible assets

173. It seems from these intervention descriptions that they target joint processing of agricultural products. Estonia is invited to clarify and if needed, review the proposed output and target indicators.

Intervention 2.5: Development of new small farms

174. Estonia is invited to further elaborate on the definition of small farms (in addition to the economic size). In addition, Estonia should clarify the eligibility conditions as currently they seem contradictory (the beneficiary needs to be over 40 years old and newly set up, and that he/she has made investments to achieve the objectives of the business plan submitted in the framework of the support of a young entrepreneur starting an agricultural activity). Further explanations are needed also for the scope of the eligible investments. In case support for processing is to be provided, a separate intervention should be created with a link to output indicator O.24. It may also be useful to explain consistency and synergies with the relevant sectoral interventions.

Intervention 8.1: Investments to improve the competitiveness of enterprises

175. Estonia is invited to explain the consistency and synergies of this intervention with the LEADER intervention and with possible support from other funds.

Intervention 8.2: Investments for the development of the business environment in rural areas

176. It should be noted that because of basic differences (including eligibility, support rate, linked indicators) investments by private and public bodies should not be programmed together. Estonia is invited to adapt the intervention accordingly.

177. Moreover, the intervention mentions ‘large-scale investments’; Estonia is asked to clarify the scope of such investment and provide assurance that this does not involve investments to ‘large-scale infrastructure’, as mentioned in Article 73(3)(f) of the SPR.

178. Estonia is invited to explain consistency and synergies of this intervention with the LEADER intervention and with possible support from other funds.

Intervention 8.3: Investments in the valorisation of bio-resources

179. Investments in the valorisation of bio-resources, and the links with sustainable forestry (but possibly with other SO8 sub-objectives) deserve more details. Estonia is invited to elaborate on how this intervention contributes to listed SOs and to provide links with the development of bio-economy in rural areas.

180. The description of the intervention is inadequate (providing background information rather than the required design details), thus the scope stays unclear. Further clarifications are needed on the possible beneficiaries, chosen output indicators, eligible investments. Estonia is invited to amend the intervention accordingly.

Intervention KK1: Tangible and intangible investments by farmers

181. In order to qualify for a green investment (investments as referred to in Article 73(4)(a)(i) of the SPR) with a higher support rate and accounting for the ring-fencing, it has to be ensured that the eligible investments are linked to climate and environment/animal related indicators with a clear and direct benefit for the environment and climate or animal welfare. The investment should go beyond normal practices and/or mandatory requirements. Estonia is requested to elaborate more on a clear targeting of the intervention, including more details on the eligible investments. Moreover, the link to SO6 does not seem clear.

182. Regarding renewable energy production, details are needed on what is covered under renewables (solar, biomass, etc) and what is basis for setting the target value of result indicator R.15 (Renewable energy from agriculture, forestry and from other renewable sources). The Commission considers the target value of 1MW for R.15 as modest and invites Estonia to consider aiming for a more ambitious value. It also needs to be ensured that the provisions of the Directive 2018/2001/EU (the Renewable Energy Directive), including its sustainability criteria, are applicable.

183. Support for green investments (investments as referred to in Article 73(4)(a)(i) of the SPR) linked to manure storage and manure application equipment should target low-emission technology with ammonia emission reduction impact (e.g. covered manure/slurry storage; equipment for rapid incorporation, trailing shoe/hose).
184. Investments in animal housing should also bring benefits for air quality (promoting low-emission techniques); this will also increase the animal welfare standards (e.g. indoor air quality/ammonia issues).
185. The section on unit amounts should include an explanation and justification for the value of the average unit amount.

Interventions KK2.1 and KK 2.2: Investments in forests

186. The two interventions are presented as investments supporting adaptation, but they need further clarifications regarding their contribution to SO4. They should be reviewed, including through the presentation of the wider picture, including references to their fitting with forest management plans and the wider forest and national climate policies. Also, sufficient safeguards are missing to avoid substantial impact on biodiversity, whose loss would ultimately weaken the resilience of the entire forest ecosystem. Focus should be on prevention and not damage reparation.

Intervention KK3: Land-improving environmental protection facilities

187. To qualify for a non-productive investment counting for the environmental ring-fencing, it is crucial that these investments are limited to non-remunerative investments linked to the delivery of purely environmental and climate benefits. Estonia is invited to further elaborate on the eligible investments, considering that investments which are addressing pressures coming from agricultural production qualify better for green productive investments.

Installation aid (Article 75 of the SPR, Section 5.3 of the Plan)

188. The description of the intervention 7.2 includes contradictory information regarding whether the financial instruments are used as a form of support under this intervention or not. Estonia should clarify and adapt the description accordingly.
189. The proposed unit amount lacks an explanation/justification. In addition, the requirement to use 75% of the support for tangible investments is not justified and goes against the logic of lump sum support. Estonia is invited to abolish this limitation.

Risk management (Article 76 of the SPR, Section 5.3 of Plan)

190. Article 76(2) of the SPR sets out that the eligible beneficiaries are active farmers, as defined in accordance with Article 4 of the SPR. Estonia should confirm compliance with this requirement.
191. Estonia is invited to include the missing information on the intervention and explain the planned very low output.

Cooperation (Article 77 of the SPR, Section 5.3 of the Plan)

Intervention 8.4: LEADER

192. If the preparatory work on Local Development Strategies (LDS) is not implemented through the Plan, it should not be included in the description of the intervention.
193. Estonia is invited to complement the description of the intervention so that it is possible to assess its full compliance with the legal basis.
194. Estonia is requested to clarify the scope of implementation of LDS, to provide (principles of) selection criteria for LDS, justification of the average unit amount, explanation on the use of Simplified Costs Options and on use of multi-fund/Lead Fund option.
195. Estonia is also invited to outline the expected added value of the LEADER approach in terms of increase in social capital, better local governance and better projects/results compared with non-LEADER delivery.

Intervention 3.2: Supporting the implementation of Union and national quality schemes

196. Estonia is invited to complement the description of the intervention so that it is possible to assess its full compliance with the legal basis.
197. The proposed intervention seems to be focused mainly on cooperation in developing and implementing national quality schemes and their promotion. It is recommended to be more precise and clarify whether this intervention supports also cooperation between farmers with an aim to register product names under the EU Geographical Indications scheme.
198. The intervention proposes information and promotion activities. Estonia is invited to clarify if the promotion activities are combined with the participation for quality schemes in an integrated package. Estonia is invited to explain the demarcation/complementarities with the activities proposed under intervention 2.4.
199. The aim of the intervention is to support the participation in quality schemes recognized by the Union or by the Member States in the internal market. Estonia is asked to confirm the list of proposed quality schemes (two Geographical Indications and one national quality scheme) and to further explain how the ‘forms of cooperation between farmers implementing quality schemes’ work with their members in order to participate in the quality schemes.
200. Estonia is asked to further explain the supported activities: ‘the costs of cooperation and of the activities carried out by establishing a recognised quality scheme and implementing the quality scheme’.

Intervention 2.4: Increasing the sales capacity of the agricultural and food sectors

201. Estonia is invited to complement the description of the intervention so that it is possible to assess its full compliance with the legal basis.

202. Estonia is invited to provide more information about the scope of the cooperation scheme (elements, which would not have been possible without the joint work), the usefulness of collaborative approaches comparing to individual support, the expected number of cooperation schemes, the complementarities with sectoral interventions (if any).
203. The aim of the support is to promote quality schemes recognized by the Union or by the Member States in the internal market. Estonia is asked to include explicitly these elements in the description of the intervention.
204. Estonia is invited to provide more information about the principles of selection, to justify the planned unit amount, and to explain further the range of support between EUR 5 000 and 150 000 by cooperation scheme.
205. According to Article 111 of the SPR, information and promotion actions for quality schemes should not be linked to any result indicators.

Intervention 3.3: Supporting the creation of recognised POs

206. Estonia should clarify how the degressivity of the support and the maximum annual support as set out in Article 77(8)(b) of the SPR is applied.
207. While the information about the minimum number of members per producer group (PG)/PO and the eligible sectors is not detailed, it might still be useful to explain consistency and synergies with the relevant sectoral measures open to PG/PO.
208. Only cooperatives seem to be eligible under this intervention. However, the legal basis does not have such a restriction. Therefore, all legal forms of cooperation of producers should be eligible.

Intervention 3.4: Support for the development of recognised POs

209. Estonia is invited to clarify the scope of this intervention (in particular, the intended cooperation element, the joint work of partners and the types of the activities to be supported), the principles of selection, and also the basis for establishing the support amount and the planning of annual outputs. Regarding outputs, O.32 seems more appropriate in the context of this intervention.

Intervention 0.3: Innovation cooperation projects

210. Estonia is invited to explicitly mention as an eligibility condition (according to Article 127(3) of the SPR) that Operational Groups shall disseminate the plans and results of the project “in particular through the national and European CAP networks”, as this visibility is essential for enabling international knowledge exchange and collaboration. Also, the interactive innovation model criteria can be mentioned to make expectations clearer to the beneficiaries.
211. Estonia is invited to clarify the “development component” and how the involvement of the advisor as a partner in the planning, implementation and dissemination phases of the projects will be organised.

Intervention 9.4: Support for cooperation on control programmes for animal diseases

212. Estonia is invited to complement the description of the intervention so that it is possible to assess its full compliance with the legal basis.
213. The scope of this intervention (incl. elements which are not possible without the joint effort, the usefulness of collaborative approaches comparing to individual support in the framework of biosecurity interventions and/or commitments, the expected number of cooperation schemes, the necessary activities to make farmers cooperate), and the complementarities with other rural development interventions and their eligible costs (in particular with intervention 9.3) need to be clarified.
214. Estonia is invited to explain the duration of support, to elaborate on the contribution of this intervention to result indicator R.10 (Better supply chain organisation) and to the identified needs, and to clarify the form of support.

Knowledge exchange and advice (Article 78 of the SPR, Section 5.3 of the Plan)

Intervention 0.1: Support for the development of knowledge transfer and advisory services (AKIS)

215. Estonia is invited to provide more details. For example, how will the implementation of this intervention be organised and coordinated by the AKIS Coordination Body, taking into account all obligations listed in Article 15(2),(3) and (4) of the SPR, including the implementation modes?
216. Article 114(a)(ii) of the SPR asks for a description of how advisors, researchers and the national CAP network will cooperate to provide improved, comprehensive and up-to-date advice of high quality and a multitude of knowledge flows between all AKIS actors. As already mentioned earlier in this document, Estonia is invited to elaborate on which actions will be specific to the CAP network and which will be executed by the AKIS Development Centre?
217. While this intervention intends to support training of advisors, result indicator R.2 (Linking advice and knowledge systems) is not included in the Plan. Estonia is invited to consider quantifying R.2.
218. Improving environment and climate change related knowledge transfer and advice has been included in several identified needs, but the linked result indicator R.28 (Environmental or climate-related performance through knowledge and innovation) is not included in the Plan. Estonia is invited to consider quantifying R.28.

Financial instruments (Article 80 of the SPR, Section 4.6 of the Plan)

219. Estonia is invited to clarify if it intends to make use of the new possibility offered by Article 80(3) and (4) of the SPR to provide standalone working capital finance with a maximum ceiling defined in the Regulation or if they intend to continue with integrated working capital finance applying the investment support rate also to the working capital costs (as required during the 2014-2022 programming period).

220. Also, Estonia should specify whether a combination of financial instrument support with grant support is envisaged in separate operations or in a single operation under Article 58(5) of Regulation (EU) 2021/1060.
221. Estonia should provide general description on the control rules and specificities for financial instruments under Section 7.3 of the Plan.

3. FINANCIAL OVERVIEW TABLE

222. Estonia is invited to fill in the overview table 6.1 of the Plan.
223. The transfer from EAGF to EAFRD for financial year 2023 (EUR 15 000 product of reduction) has not been included in the overview table 6.1, line 26. Thus, based on data entered in Section 5.3, the total expenditure for rural development (interventions plus technical assistance) is slightly below the EAFRD allocation.
224. In accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal basis those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.
225. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EC) 1308/2013 for these same sectors shall not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.
226. On the contribution rates applicable to rural development interventions (as per Section 4.7.4 of the Plan): in line with Article 91(3)(b) of the SPR, the SFC2021 system offers the possibility to enter a single rate or to introduce 5 different rates for each type of derogation. It appears that Estonia has selected both the general rate under Article 91(3)(b) of the SPR and all separate ones with the same rate. If the intention is to have the same rate for all articles (Article 70, 72, 73, 77(1)(a), and 77(1)(b)), it would be sufficient to fill in only the information for the general Article for 91(3)(b): "91(3)(b) - Payments under Article 70, for payments under Article 72, for support for non-productive investments referred to in Article 73, for support for the European Innovation Partnership under Article 77(1), point (a), and LEADER under Article 71(1), point (b)".

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

227. Under Section 7.1 of the Plan Estonia is invited to:
- identify the Monitoring Committee and clarify its composition, along with how it will ensure its independence from the Managing Authority and it would be expected that they are designated as separate bodies;
 - provide a description of the setup of the Competent Authority as well as a description of how it will carry out its ongoing supervision of the work of the Paying Agency and its compliance with the accreditation criteria; and
 - provide information regarding the national Managing Authority, and its segregation from the Competent Authority and the Certification Body, the

relevant coordinating structures for the AKIS, for the Communication officer of the Plan as well as the control, delegated and intermediate bodies where relevant.

228. In regard of specific social concerns signalled above under the key issues and under the strategic assessment of SO8, Estonia is reminded of the need to ensure a balanced representation in the Monitoring Committee, that including bodies concerning women, youth and the interests of people in disadvantaged situations.
229. Estonia is invited to describe under Section 7.2 of the Plan the IT systems and databases developed for the extraction, compilation and reporting of the data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
230. The observations regarding Sections 7.3, 7.4 and 7.5 of the Plan will be delivered in a separate communication.

5. ANNEXES

231. Annex V of the Plan should contain data for EAFRD participation, matching national funds and additional national support for all activities falling outside the scope of Article 42 of the TFEU.
232. Annex VI of the Plan on Transitional National Aid (TNA): Estonia is invited to consider providing an overview indicating clearly per TNA intervention the existing eligibility condition that is changed and the new corresponding eligibility condition.
233. Estonia should also provide additional information regarding the complementarity of the TNA with the interventions supported under the Plan.