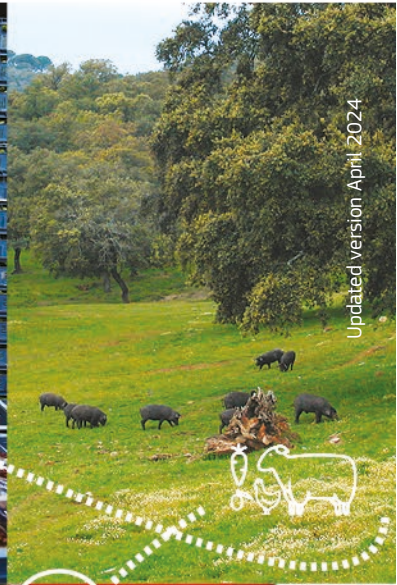




European Commission



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At a glance:

ESTONIA'S CAP STRATEGIC PLAN



CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

The CAP Plans support a wide range of interventions, addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas are also addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The impacts of both the Russian aggression against Ukraine and the extreme weather conditions caused by climate change, highlight the integral link between food security and the need of transition to sustainable and resilient food systems. In this context, the CAP Strategic Plans offer opportunities: e.g. to reduce dependence on synthetic fertilisers and scale up production of renewable energy without undermining food production; and to transform the sectors' capacity in line with more sustainable production methods.

Estonia submitted its first proposal for a CAP Strategic Plan on 2 January 2022, after consultation with stakeholders. On 21 October 2022, Estonia submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 11 November 2022. Estonia requested the first amendment of their Plan, which was approved by the Commission on 8 April 2024. This document presents some of the main features of the CAP Strategic Plan of Estonia.

1. DID YOU KNOW?



While the agricultural sector in Estonia is open to innovative solutions, it has to operate with a limited number of crops due to its northern climate. The **primary sector** (agriculture, forestry and fishing) accounts for around **2.5% of Estonia's total GVA, more than the EU average**. Crops account for around 50% of the agricultural output, of which the share of cereals is almost half. Animal output is slightly over 40%, with milk production being the main contributor (23% of total agricultural output).

- **82% of Estonia's territory is categorised as rural areas**, which host around 44.5% of the population.
- There are around **11 300 farms in Estonia**, with an average size of 87 hectares.
- **Forests** cover around 50% and **agricultural land** almost 25% of Estonia's territory. Agricultural land is mainly cultivated with extensive techniques and around **23% of it is managed organically**.



2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF ESTONIA

Estonia's Plan aims to foster the development of a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security. In addition, several interventions focus on responding to the economic, environmental and social challenges faced by the agricultural sector and rural areas.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

The CAP Plan helps **stabilise the income of rural businesses** and contributes to the continued viability of farming by earmarking almost EUR 730 million (about 45% of the CAP Plan's total funding) for this purpose. Different types of income support covers 98% of the agricultural land in Estonia. For example, as small- and medium-sized farms represent an important component of the Estonian agricultural sector, they benefit from income support that is higher than that given to farms above the average farm size. The Plan provides additional support linked to production (paid per hectare or per animal) for sectors facing specific challenges.

An increasing number of Estonian agricultural producers are open to joining cooperatives and participating in food quality schemes. Although the number of cooperatives has grown exponentially in recent years, 80% of the cooperatives operating in the market are small and still have a weak market position, thus providing little added value. The Estonian Plan **promotes further collaboration among primary producers to strengthen their position in the value chain**, by supporting the development of recognised producer organisations and the participation of producers in food quality schemes.

- *About 5 400 farmers receive additional support for producing in sectors with specific challenges. Such support is designed to improve the competitiveness and the quality of production in the bovine and ovine sectors, as well as the fruit and vegetable and field crop sectors.*
- *The Plan also helps agricultural producers and food processing companies make investments to improve their competitiveness by facilitating access to finance through loans with preferential conditions. Such loans are granted for about 120 projects.*

2.2 A GREENER CAP

The Estonian Plan uses around EUR 456 million of its total CAP budget to support **environmental and climate objectives, focusing on carbon sequestration, biodiversity and valuable grasslands, as well as increasing knowledge about sustainable production.**

Farmers can receive additional payments if they commit to respecting certain agronomic practices that are beneficial for the environment and climate.



Estonia's Plan implements enhanced standards for good agricultural and environmental conditions, which contribute to greater environmental and climate ambitions and apply to almost all of the utilised agricultural land. For example, the Plan establishes a requirement for increased soil cover during the sensitive winter period in order to protect soils in the entire territory of Estonia.

For the same purpose, **more than 23%** (over 220 000 hectares) **of the total utilised agricultural land receives support for practicing organic farming**, which contributes to a reduced use of pesticides, improved water and soil quality, and carbon sequestration.



In order to maintain good agri-environmental conditions, it is also important to continue to raise environmental awareness. Therefore, in many cases, one of the basic conditions for receiving support for farmers is to attend training on environmental topics.

- *Farmers or other land managers receive support for managing over 70 000 hectares of pastures and meadows to preserve and enhance their natural and cultural environmental value.*
- *The Plan provides support for over 500 green investment projects that improve resource efficiency, reduce waste and emissions, and/or increase animal welfare and biosafety. For example, such investments include projects to improve manure storage and management.*



2.3 SOCIALLY SUSTAINABLE CAP

Rural areas in Estonia face depopulation, poverty and ageing. Limited quality job opportunities, and a lack of basic infrastructure and services make rural areas less attractive. While other EU-funded programmes address the need to improve basic infrastructure and services, the CAP Plan contributes by **encouraging job creation and community-led development**. Through CAP supported projects, Estonia expects to **create almost 1 250 new rural jobs**. This includes 900 young farmers, out of which 415 receive aid to set up their new businesses. The remaining farmers receive additional income support and qualify to receive investment support with a favourable rate.

Community-led local development continues to be strongly supported under the Estonian Plan, with slightly over 10% of rural development funding earmarked for it. It is implemented through the LEADER approach, which brings together public, private and civil-society stakeholders to find shared solutions for the development of the rural economy and society. 26 LEADER-groups, covering almost 96% of the rural population, are involved in such tailor-made initiatives.

Regarding increased societal expectations for **animal welfare**, the CAP Plan supports organic animal husbandry and voluntary commitments for increased welfare standards for traditionally reared animals. In addition, the Plan introduces new interventions that target the herd health of bovine and ovine animals. Besides improving animal welfare, all of these interventions combined should also result in a reduction in the use of antimicrobials.

- *Voluntary commitments for animal welfare aim to improve the keeping conditions of around 79 000 livestock units. They are to ensure, among other things, more space for animals that are kept indoors (pigs and poultry) and for grazing animals, the ability to take shelter from bad weather.*
- *The new programme to monitor herd health supports data collection and analysis for different herd health indicators, and foresees activities to solve existing health problems and prevent new ones. This programme increases the general health status of around 50 000 bovine and 22 500 ovine animals, thus reducing the need for antibiotics and improving the overall quality of production.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

While Estonia has a well-established public agricultural research and education system, the overall structure of the Agricultural Knowledge and Information System (AKIS) appears fragmented, without a central hub for coordination of innovation and knowledge development. Therefore, Estonia **supports the strengthening of the information flows between different players** of the AKIS by setting up a specialised development centre. Its tasks include the promotion of cooperation and networking, organisation of knowledge exchange and facilitating advisory services. A specific focus is put on training the next generation of advisors.

Needs for advice differ, which is why the Plan also supports – aside from traditional individual advice to farmers – comprehensive consultations offered with the participation of consultants from several fields, and exchange of knowledge and experience between colleagues.

The overall implementation of the principles of e-government in Estonia create a favourable background for digitalisation of companies, as everybody is accustomed to using e-solutions, such as e-tax declarations, e-elections, e-medical records and e-applications for agricultural subsidies, which have been in use for years. The Plan continues to **support the development of innovative digital solutions**, including support for services like e-field books to help monitor on-farm activities and agricultural big data systems.

- *The Plan supports around 6 000 training, advice and awareness raising actions. Such actions are due to benefit about 16 000 persons, of whom over 4 500 improve their knowledge on environmental topics.*
- *Support is also provided for around 128 innovative cooperation projects between rural enterprises and research and development institutions. For example, such projects may concern the development and implementation of environmentally friendly production and processing practices.*





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	1 007 929 378	n/a	1 007 929 378
Sectoral support	702 365	702 365	1 404 730
Rural development	440 098 240	191 686 414	631 784 654
Total	1 448 729 983	192 388 779	1 641 118 762

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural development reflects possible transfers between pillars and includes technical assistance.

EU FUNDING RESERVED FOR	In EUR	%
Environmental and climate objectives under rural development	176 440 073	40%¹
Eco-schemes under direct payments	279 365 200	28%²
LEADER	47 589 703	11%¹
Complementary Redistributive Income Support	50 396 468	5%²
Young farmers (generational renewal)	35 158 587	n/a³

The minimum financial allocations for support for young farmers can be reserved under direct payments and/or rural development. Eco-schemes under direct payments may be lower than 25% if the possibility to use the rebate mechanism from rural development is used, in line with Article 97 of Regulation (EU) 2021/2115. The Complementary redistributive income support under Direct Payments may be lower than 10%, in line with Article 29 of Regulation (EU) 2021/2115.

¹ as compared to the rural development allocations set out in Annex XI of Regulation (EU) 2021/2115

² as compared to the direct payments allocations set out in Annex IX of Regulation (EU) 2021/2115

³ not applicable as the minimum contribution to young farmers is set as absolute amounts in Annex XII of Regulation (EU) 2021/2115

More financial information can be found in section 6 and in Annex V of Estonian CAP Strategic Plan.

