



Factsheet on 2014-2022 Rural Development Programme for ESTONIA

The Estonian Rural Development Programme (RDP) was formally adopted by the European Commission on 13 February 2015, and last modified on 20 June 2022. The RDP outlines Estonia's priorities for using the € 1.3 billion of public funding that is available for the period 2014-2022 (€ 1 billion from the EU budget, including € 97 million transferred from the envelope for CAP direct payments and € 63 million from European Union Recovery Instrument, and € 216 million of national co-funding plus € 730 000 of additional national funding top-ups).

The main priority is environmental protection regarding water, soil, and biodiversity. Around 70% of farmland is expected to be under agri-environmental commitments. Improving the competitiveness of agriculture remains important: 5% of farms are to receive investment support and almost 4% of farmers are to be helped to set up or take over a farm.

Knowledge transfer and advice is given high priority, with more than 6 750 farmers receiving training. The RDP will help to diversify the rural economy. This should, in turn, create 280 jobs in rural areas.

[Rural Development](#) (RD) is the 2nd Pillar of the [Common Agricultural Policy](#). It provides Member States with an envelope of EU funding for multi-annual, co-funded programmes, at either the national or regional level. In total, there are 118 programmes in all 28 Member States¹. The [RD Regulation](#) for the current period addresses six economic, environmental and social priorities. Programmes contain clear targets setting out what is to be achieved. To better coordinate actions and maximise synergies with the other European Structural & Investment Funds ([ESIF](#)), a [Partnership Agreement](#) was agreed with each Member State highlighting its broad strategy for EU-funded structural investments.

1. SITUATION AND KEY CHALLENGES

Estonia has an area of 45 000 km² of which 50% is forest and 21% is farmland. The population is 1.3 million – of which one third lives in rural areas.

The share of agriculture in the economy is around 2%. In 2013, there were 19 000 farms. The 1 000 largest farms account for three quarters of the agricultural land. 20%

¹ The UK left the Union on 31st January 2020; in accordance with the Withdrawal Agreement support under Rural Development continues to apply in the UK during the 2014-2020 programming period.

of farms are traditional family farms, providing full-time work for one or two people. More than two-thirds of the farms are so small that there is no full-time work. Around 25% of farms do not produce any products – they simply maintain the land in good agricultural and environmental condition.

Drainage systems have been installed on more than half the agricultural land. Without drainage, the soil would be waterlogged and farming would be impossible. It is necessary to keep the drainage systems in good condition.

Because of its varying landscapes and diverse habitats (including semi-natural habitats), Estonia has many areas of high nature value. Natura 2000 areas cover 16.5% of the country and total some 55 000 ha of farmland. Eutrophication has not been a problem because of the relatively low share of agricultural land, except Central Estonia where farming is more intensive. Central Estonia has been designated as a Nitrate Vulnerable Area. The state of the agri-environment is good, but intensification and concentration of farming can lead to environmental pollution, the loss of biodiversity and the spread of animal and plant diseases.

2. HOW THE ESTONIAN RDP WILL ADDRESS THESE CHALLENGES

In addressing these challenges, the Estonian RDP funds actions under all Rural Development Priorities, particularly under Priority 4 "Restoring, preserving and enhancing ecosystems related to agriculture and forestry". Under this priority, the programme foresees a number of activities to avoid the deterioration of the agri-environment and to maintain the current status of soils, water and biodiversity.

Knowledge transfer and innovation

The programme has allocated 4% of funds for measures related to training, advice and cooperation. It aims to support 22 co-operation projects and train 6 750 people.

Competitiveness of agri sector and sustainable forestry

30% of the funds are used to strengthen the competitiveness of farming. It is expected that over 5% of farms will receive investment support and nearly 4% of farms receive support for the setting up of young farmers.

To keep farmland well drained, there is a specific measure to develop and maintain drainage systems (around 5% of the budget).

Forestry measures are combined into one measure. Private owners of forests may apply for support to activities addressing the viability and economic value of forests, as well as prevention of forest damage.

Food chain organisation, including processing and marketing of agricultural products, animal welfare

The programme supports investments in the processing and marketing of agricultural products.

Regarding the relative strength of different actors in the food supply chain, the programme aims to improve the situation of the food processing sector. It encourages short supply chains. Furthermore, the programme strengthens cooperation between those dealing with producing, processing, and marketing food. It is expected that nearly 2% of farms will be better integrated within the food chain.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

This is the most important priority – almost 37% of the budget has been earmarked to it. A number of activities are undertaken to avoid a deterioration of the agri-environment. The list of environmental measures has doubled. For the first time, it includes a water protection measure for the Nitrate Vulnerable Area, a soil protection measure, support for a large number of local plant varieties, support for environmentally-friendly horticulture and activities related to farmland birds and bees. Support for the maintenance of semi-natural habitats will cover 2.6% of farmland. Support is foreseen for organic farming which is expected to cover around 20% of farmland.

Resource efficiency and climate

When selecting investment projects, resource efficiency will be emphasised as will projects for the production of bioenergy.

Social inclusion and local development in rural areas

Estonia continues its successful implementation of the Leader-approach with 99% of the rural population covered by local development strategies. These are carried out by Local Action Groups. Around 9.5% of the budget is earmarked for 26 Local Action Groups. The groups set their priorities independently of government, but it is expected that village development will be a priority as no specific village development measure is foreseen.

In order to respond to the impact of the crisis arising from the COVID-19 outbreak, Estonia decided to make use of the new measure *Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis* (M21). The measure addressed the liquidity problems following the crisis that put at risk the continuity of small and medium-sized businesses active in processing, marketing or development of agricultural products. The support was be paid as a lump sum.

The **5 most important RDP measures** in budgetary terms with over half of the RDP budget allocated (total public funding):

- 29% (€ 378 million) for investments into improving the performance of agricultural holdings;
- 20% (€ 266 million) for support for environmentally friendly management;
- 12% (€ 152 million) for organic farming;
- 11% (€ 148 million) for farm and business development, including investments into processing and marketing of agricultural products;
- 9.5% (€ 123 million) for LEADER local development.

Annex 1: Indicative public support for the Estonian Rural Development Programme

Target	Measure	Million € total public	%
Priority1: Knowledge transfer and innovation²			
1A: Fostering innovation, knowledge base, and cooperation 4.1% of the RDP expenditure	01 knowledge		
	02 advise		
	16 cooperation		
1B: Strengthening links (with research etc.) 22 cooperation operations	16 cooperation		
1C: Training 6750 training participants	01 knowledge		
Priority 2: Competitiveness		353.7	27.2
2A: Farm performance 5.1% farms with RDP support	total	322.8	24.8
	01 knowledge	3.0	0.2
	02 advisory	4.9	0.4
	04 investments	274.8	21.2
	06 farm development	24.0	1.8
	16 cooperation	16.1	1.2
2B: Generational renewal 3.8% farms with RDP support	total	30.9	2.3
	01 knowledge	0.4	0.0
	02 advise	0.4	0.0
	06 farm development	30.1	2.3
Priority 3: Food chain		119.7	9.2
3A: Integrating primary producers 1.8% farms integrated	total	114.6	8.8
	01 knowledge	4.9	0.4
	02 advise	0.05	0.0
	03 quality schemes	1.7	0.1
	04 investments	46.8	3.6
	09 producer groups	6.2	0.5
	14 animal welfare	48.0	3.7
	16 cooperation	7.0	0.5
3B: Risk management 500 farmers trained 80 farmers advised 10.7% of farms insured	total	5.0	0.4
	01 knowledge	1.2	0.1
	02 advise	0.3	0.0
	05 restoring potential	2.5	0.2

² No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

	17 risk management	1.0	0.1
Priority 4: Ecosystems management³		475.8 (434.9 agriculture; 40.9 forestry)	36.6
4A Biodiversity 70.3% utilised agricultural area under contract 3% utilised forest area under contract	01 knowledge	6.0	0.5
	02 advise	1.2	0.1
	04 investments	1.4	0.1
4B Water management 63.9% utilised agricultural areas under contract	08 forest	1.6	0.1
	10 environment	265.9	20.5
	11 Organic	152.1	11.7
4C Soil erosion and management 71% utilised agricultural areas under contract	12 Natura	44.5	3.4
	16 cooperation	3.1	0.2
Priority 5: Resource efficiency and climate		37.4	2.9
5A Water efficiency 200 farmers advised	total	0.7	0.1
	01 knowledge	0.03	0.0
	02 advise	0.6	0.1
5B Energy efficiency € 57.5 million investment	total	23.1	1.8
	01 knowledge	0.03	0.0
	02 advise	0.1	0.0
	04 investments	23.0	1.8
5C Renewable energy € 24.5 million investment	total	13.5	1.0
	01 knowledge	0.01	0.0
	02 advise	0.01	0.0
	06 farm development	1.4	0.1
	08 forest	10.6	0.8
	16 cooperation	1.5	0.1
5D Reducing GHG and NH ₃ 49.6% utilised agricultural areas under contract	total	0.06	0.0
	01 knowledge	0.03	0.0
	02 advise	0.03	0.0
5E Carbon conservation 14.8% utilised agricultural and forest areas under contract	total	0.04	0.0
	01 knowledge	0.03	0.0
	02 advise	0.01	0.0
Priority 6: Social inclusion and local development		249.5	19.2
6A Diversification 280 jobs created	total	126.0	9.7
	01 knowledge	0.2	0.0

³ Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.

	02 advise	0.6	0.1
	04 investments	32.5	2.5
	06 farm development	92.2	7.1
	21 COVID-19 crisis	0.5	0.0
6B LEADER 60.4% rural population involved in the local strategy 1700 jobs created	19 LEADER	123.5	9.5
Technical Assistance	20 assistance	63.1	4.9
Total public expenditure		1 299.2	100