



REPUBLIC OF ESTONIA
MINISTRY OF FINANCE



REPUBLIC OF ESTONIA
STATE SHARED SERVICE CENTRE



European Union
European Structural
and Investment Funds



Investing
in your future

Planning of Donor Assistance and EU Funds

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head of foreign funding unit
Ministry of Finance

31st October 2023

1. European Semester
2. MFF and EU budget
3. EU funds, management
4. Cohesion Policy
5. EU funds in Estonia- from planning to implementation





The European Semester

yearly exercise to coordinate economic, fiscal, employment and social policy within the EU

Key objectives of the European Semester

- contribute to ensuring **convergence and stability** in the EU
- contribute to ensuring **sound public finances**
- foster economic **growth**
- prevent excessive **macroeconomic imbalances** in the EU
- monitor the implementation of national **recovery and resilience plans**
- coordinate and monitor **employment and social policies**

What policies are coordinated?

- **fiscal policies**, in order to ensure the sustainability of public finances in line with the stability and growth pact
- **prevention** of excessive **macroeconomic imbalances**
- structural reforms, focusing on promoting **growth and employment**
- structural reforms set out in the national **recovery and resilience plans**
- **employment and social policies**, in line with the principles of the European Pillar of Social Rights

European Semester

Timeline

Preparatory phase

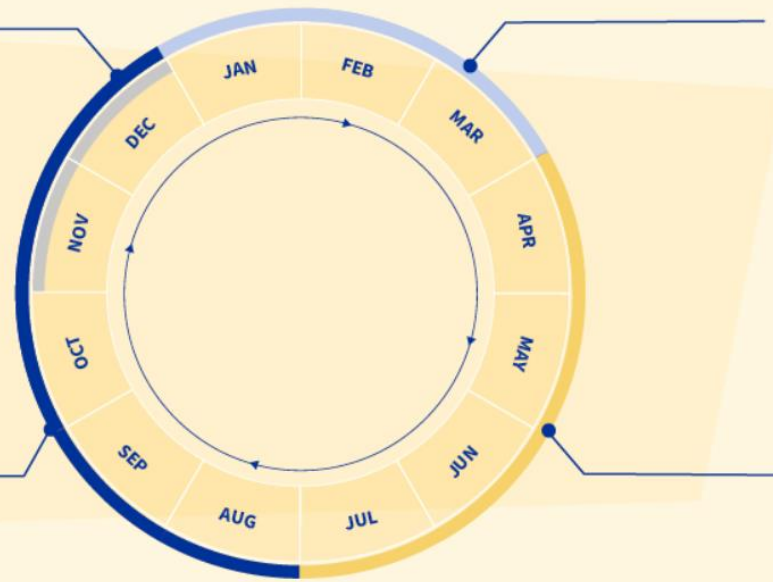
Analysis of the situation

and follow-up on the previous year

Phase 3

Implementation

A new cycle starts towards the end of the year, when the Commission provides an overview of the economic situation for the coming year.



Phase 1

Policy guidance

at EU level

Phase 2

Country-specific objectives, policies and plans

The European Semester cycle

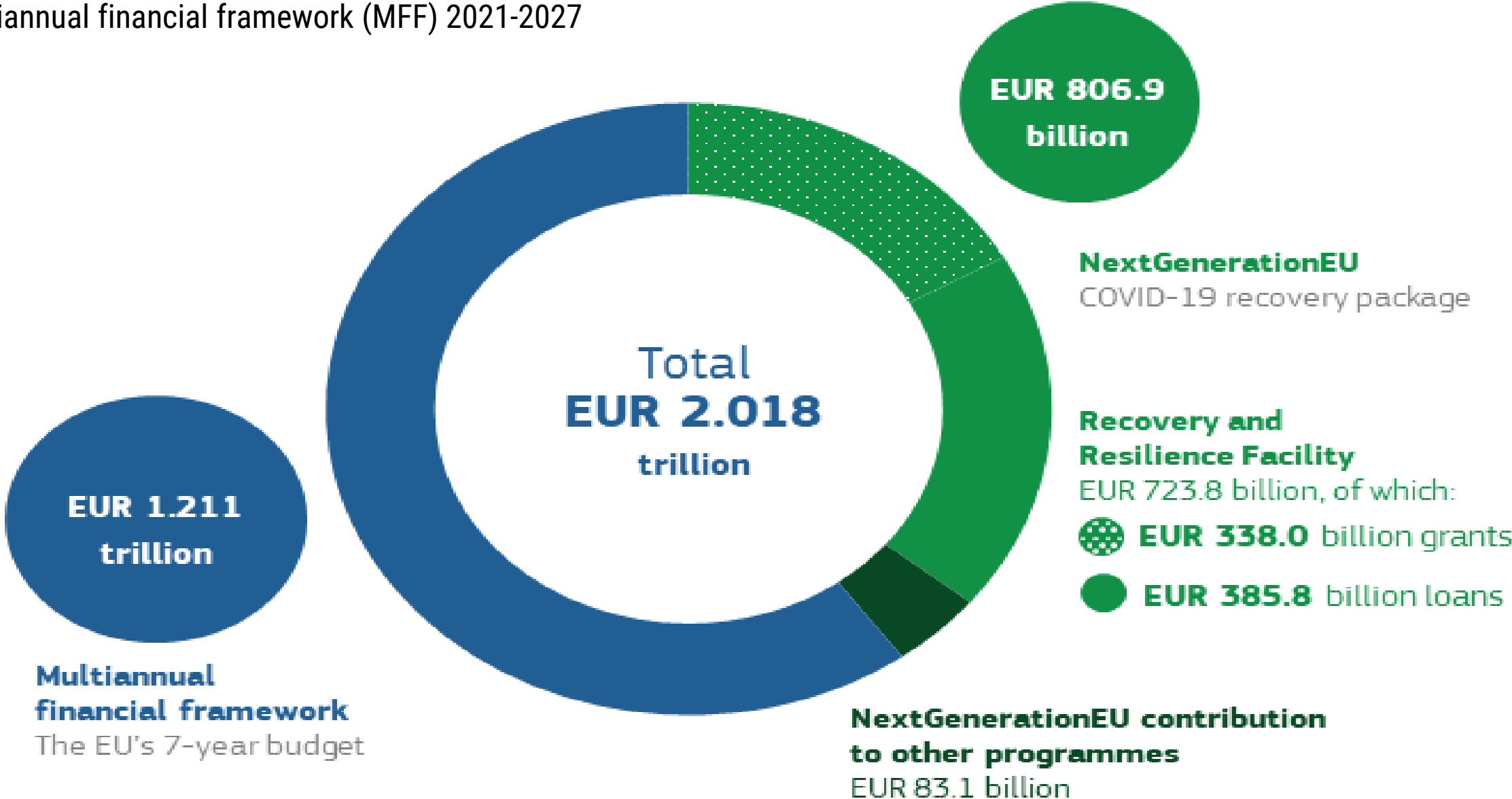
Every year, the European Semester starts in autumn with the presentation of the Commission's priorities.

It ends in October of the following year when the EU member states submit their budgetary plans.

Multiannual financial framework (MFF)

- The EU's MFF sets out the annual ceilings of expenditure that can be spent on various policy areas. The current framework runs for the period 2021-2027.
- MFFs are proposed by the European Commission and then negotiated in the Council as well as in the European Parliament. The Parliament's consent and unanimity in the Council are required for its adoption.

Multiannual financial framework (MFF) 2021-2027

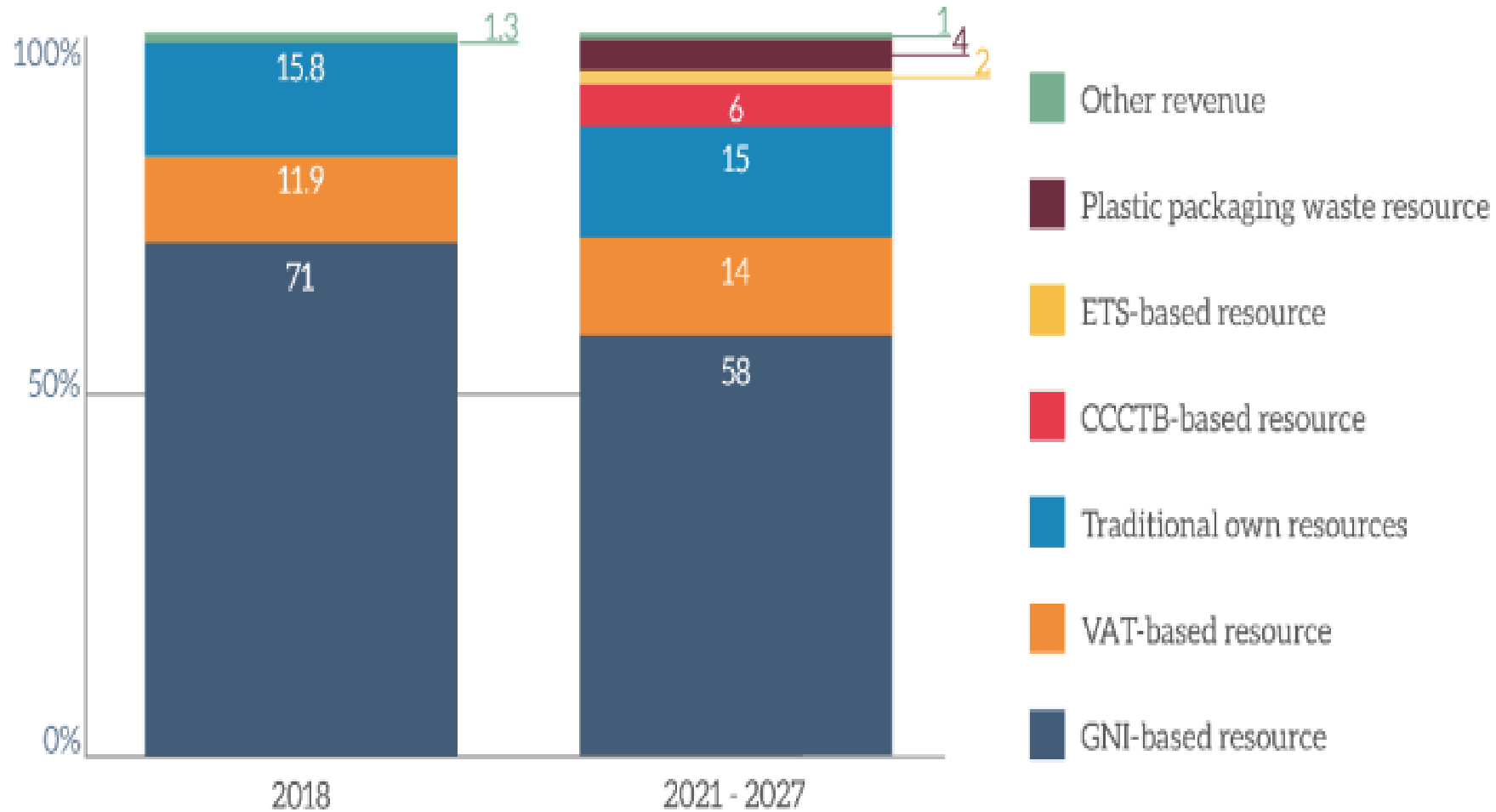


Current and new revenues of EU- own resources

New >

- Traditional- mainly customs duties on imports to the EU.
- contributions based on the Value Added Tax (VAT)
- direct contributions by EU countries- Gross National Income (GNI)
- Plastics own resource- based on the non-recycled plastic packaging waste.
- resources generated by a carbon border adjustment mechanism (CBAM), pricing CO2 emissions of certain imported goods
- revenue from a revised EU emissions trading system (ETS), pricing CO2 emissions
- an own resource based on the reallocated profits of very large multinational companies

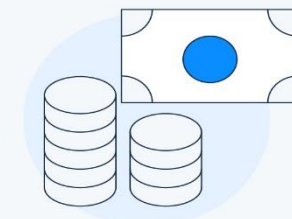
Proportion of own resources



Contributions by member states

Which Countries Are EU Contributors and Beneficiaries?

Net contributions to the EU budget, by member state (2021, in million euros)*



* contributions minus money received
Source: European Commission



Spending categories of EU

- Single Market, Innovation and Digital
- Cohesion, Resilience and Values
- Natural Resources and Environment
- Migration and Border Management
- Security and Defence
- Neighbourhood and the World
- European Public Administration

ANNUAL EU BUDGET 2023

BREAKDOWN PER SPENDING CATEGORY*



- Single market innovation and digital **€21.5 billion**
- Economic, social and territorial cohesion **€62.9 billion**
- Resilience and values **7.7 billion**
- Natural resources and environment **€57.3 billion**
- Migration and border management **€3.7 billion**
- Security and defence **€2.1 billion**
- Neighbourhood and the world **€17.2 billion**
- European public administration **€11.3 billion**
- Thematic special instruments **€2.9 billion**

**All figures are in commitments.*

European Union funding, grants and subsidies •

- **grants** – partly funded by the EU and partly from other sources – that usually follow public announcements known as calls for proposals
- **subsidies** managed by national and regional authorities
- **loans, guarantees** and **equity** as forms of financial assistance to support EU policies and programmes
- **prizes** to winners of Horizon 2020 contests.

Management of EU funding

- **Direct** – Funding managed by the EU usually in the form of grants for specific projects
- **Shared management**- managed in partnership with national and regional authorities, accounting for around 80% of the EU budget.
- **Indirect**- managed by national and regional authorities, not the EU (subsidies).

Shared management- European structural & investment funds

Cohesion Policy

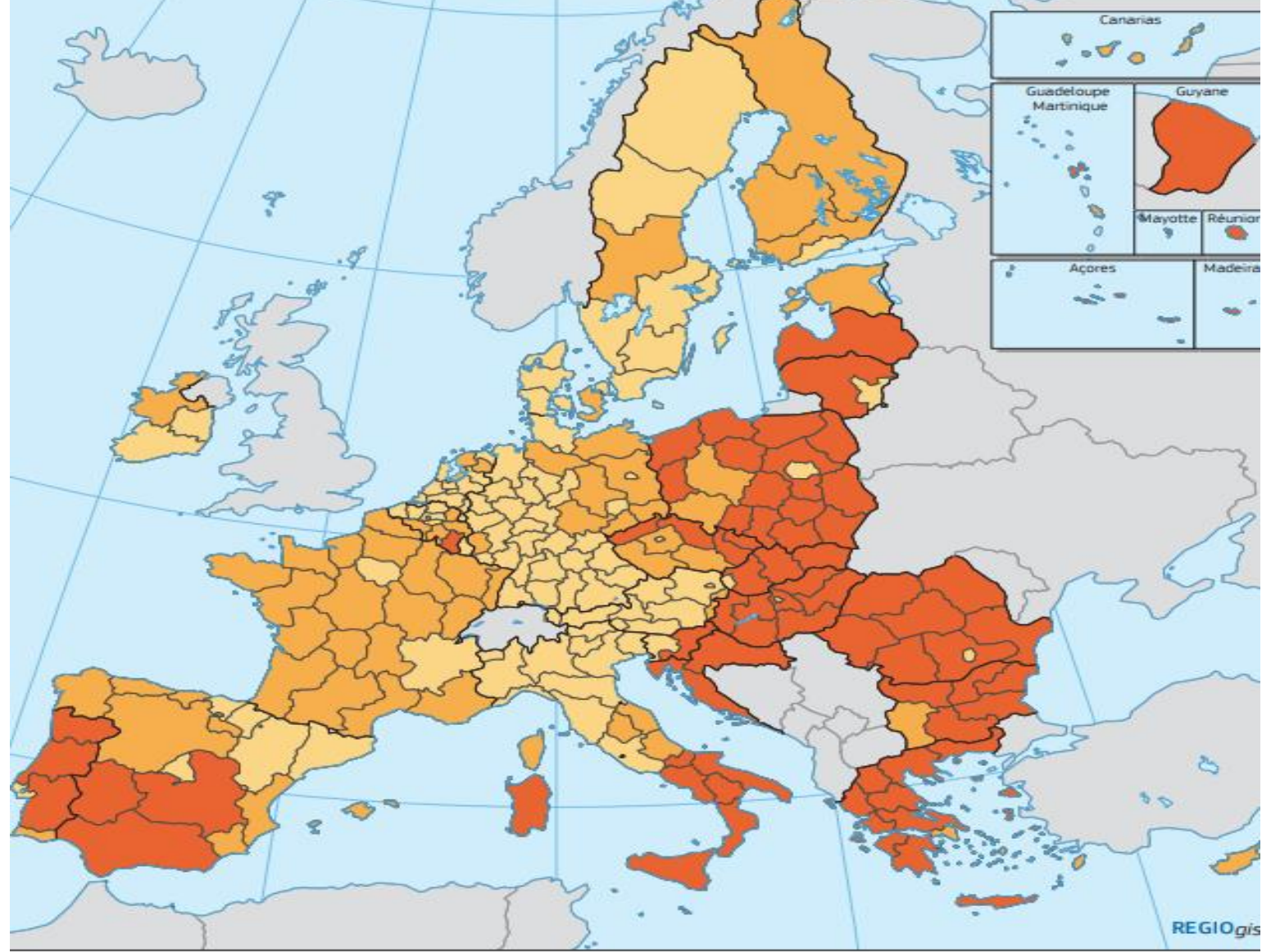
- **European Regional Development Fund (ERDF)** – regional and urban development
- **European Social Fund (ESF+)** – social inclusion and good governance
- **Cohesion Fund (CF)** – economic convergence by less developed regions
- **The Just Transition Fund (JTF)** to support the regions most affected by the transition towards climate neutrality.
- **European Agricultural Fund for Rural Development**
- **European Maritime and Fisheries Fund**

Cohesion Policy

EU's main investment policy, which aims to reduce economic and social disparities between regions and Member States through promoting job creation, business competitiveness, economic growth, sustainable development, and cross-border and interregional cooperation.

Cohesion Policy allocation logic- categories of regions

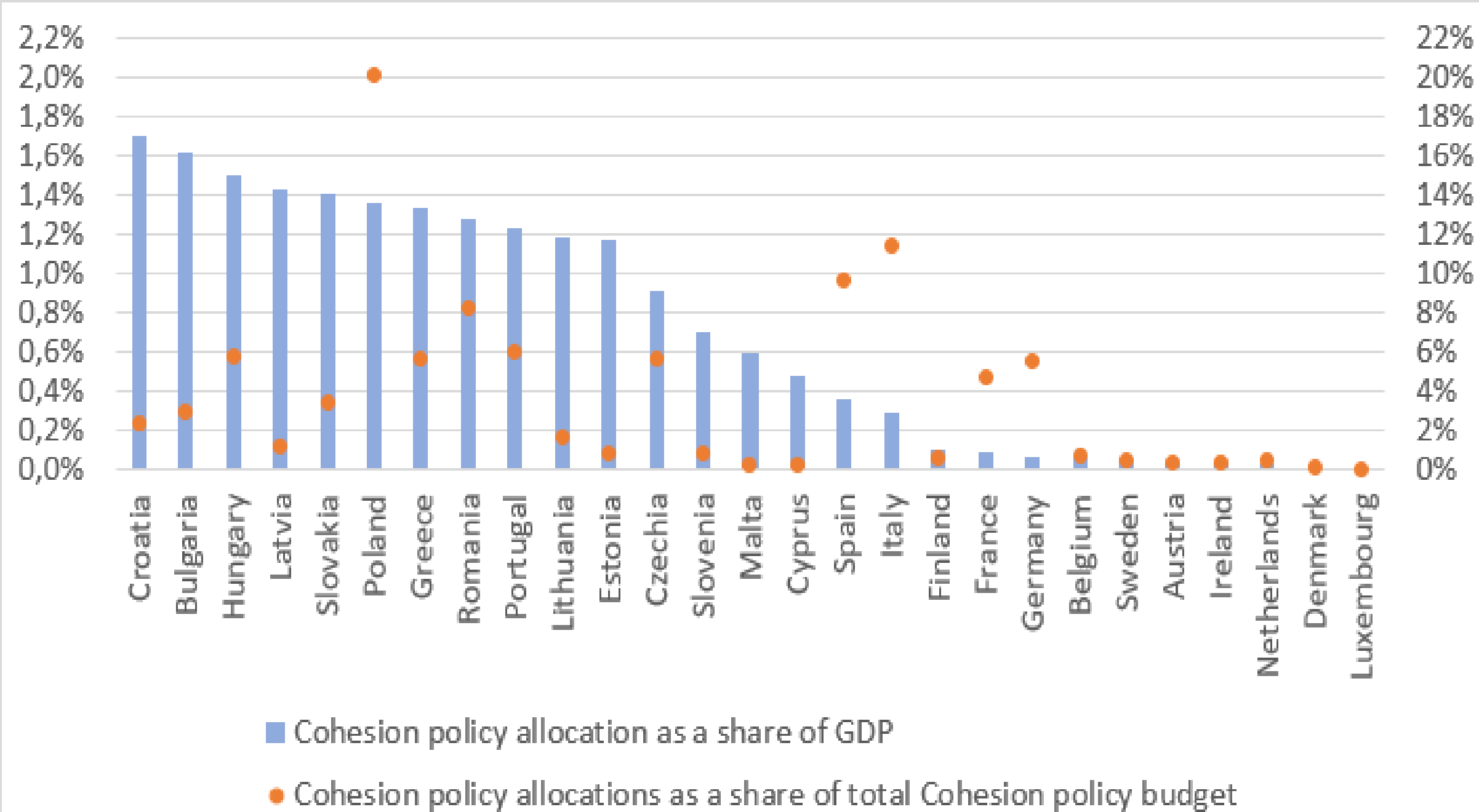
- Less developed regions- GNI per capita below than 75% of EU average > co-financing: 85%
- Transition regions- GNI per capita 75-100% of EU average > co-financing: 60% or 70%
- More developed regions- GNI per capita above 100% of EU average > Co-financing: 40% or 50%



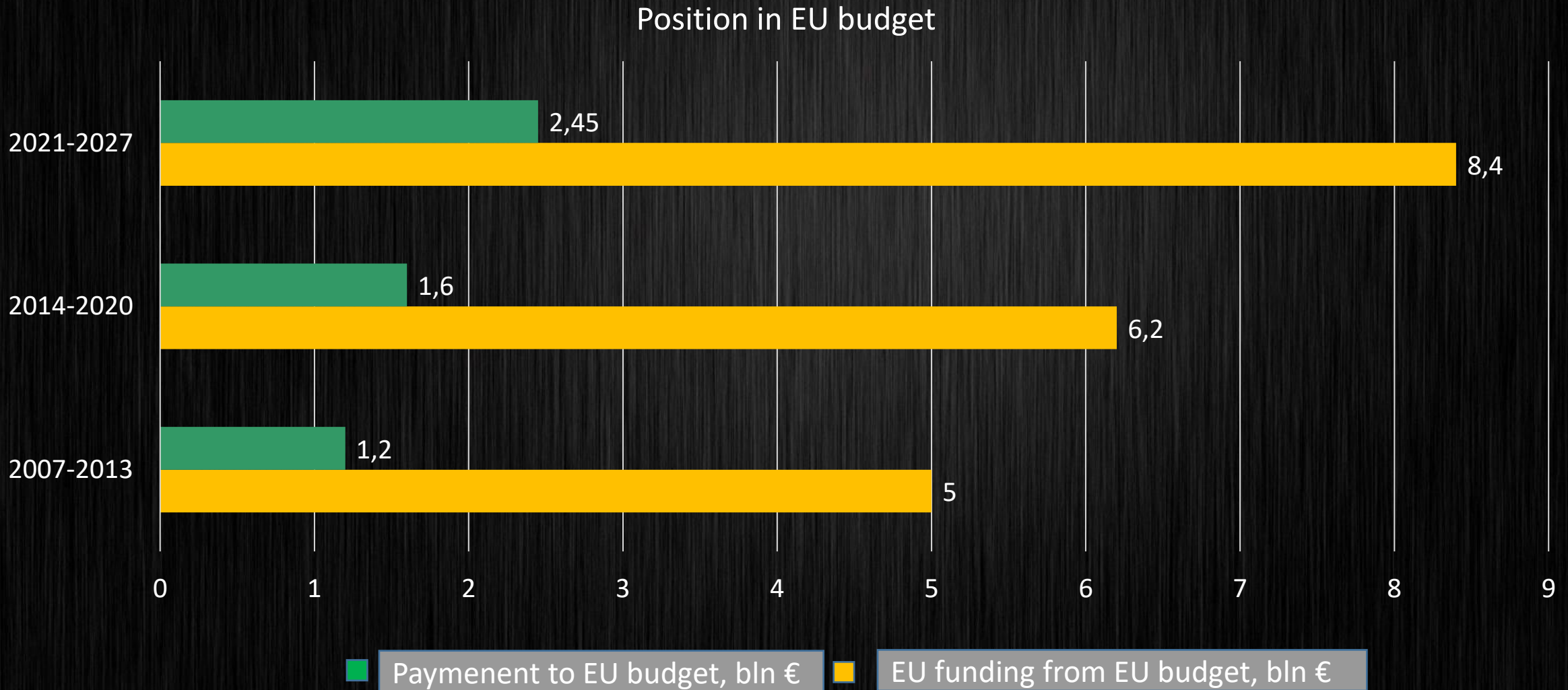
Investment for jobs and growth goal (ERDF and ESF+) eligibility, 2021-2027

Categories of regions

- Less developed regions (GDP/head (PPS) less than 75% of the EU-27 average)
- Transition regions (GDP/head (PPS) between 75% and 100% of the EU-27 average)
- More developed regions (GDP/head (PPS) above 100% of the EU-27 average)

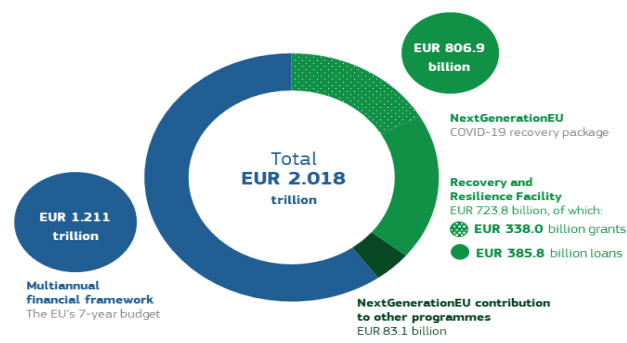


Estonia receives more than 3 euros for each euro paid to EU budget



EU support to Estonia

2021-2027



Programming

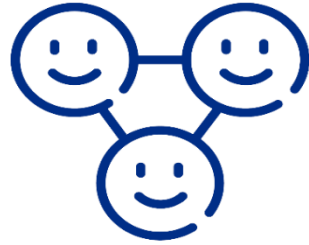


Bases for planning EU funds in Estonia- national strategy „Estonia 2035“



People

Smart, active
and healthy



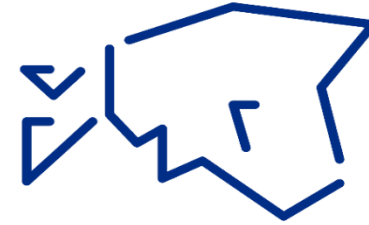
Society

Open, caring
and cooperative



Economy

Strong, innovative
and responsible



Living environment

Considering
everyone's needs, safe
and with high quality



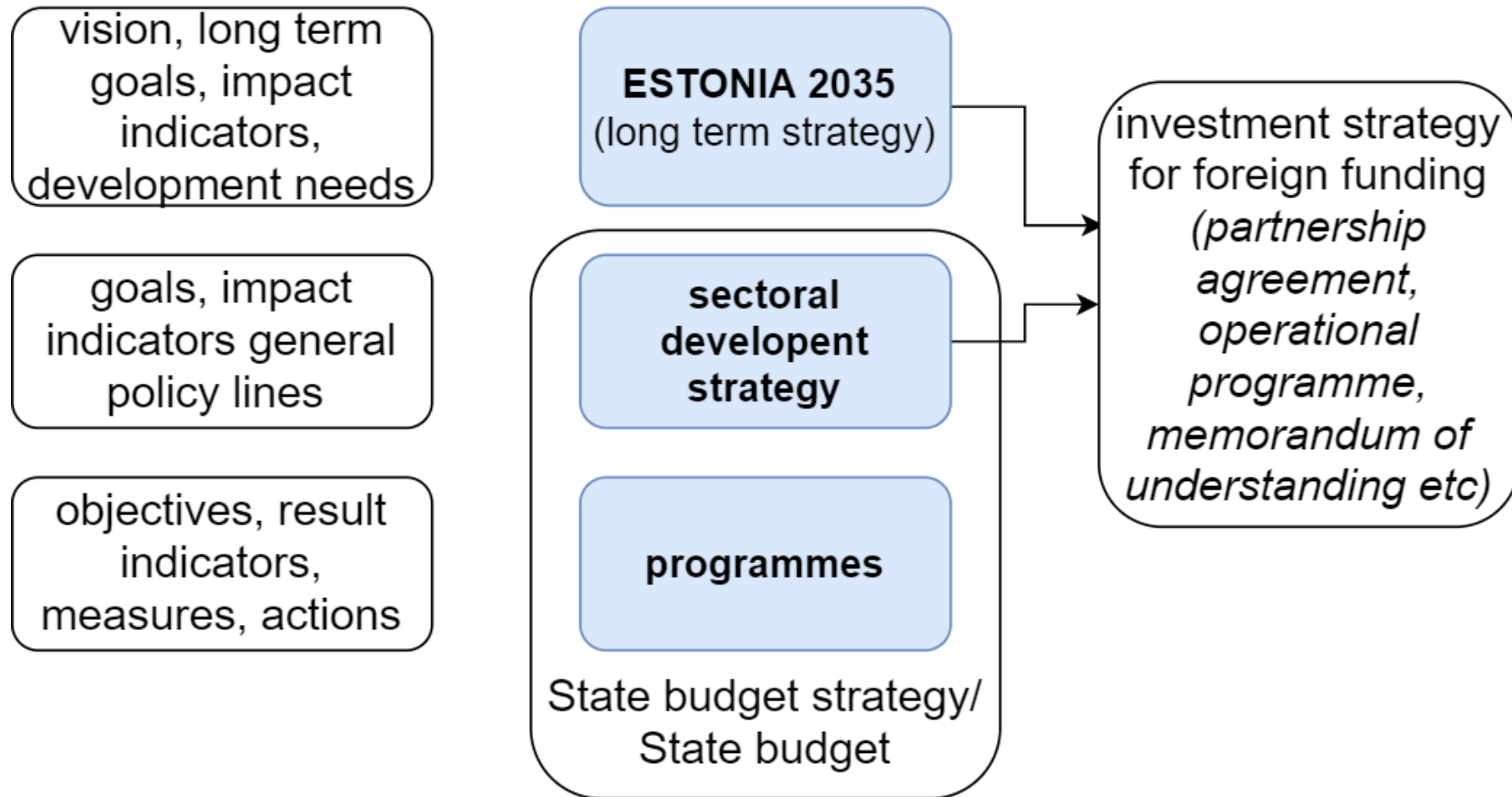
Governance

Innovative,
trustworthy and
people-centered

.....

**A democratic and safe country
that preserves and develops the Estonian nation, language and culture**

Hierarchy of strategic planning



National reform programme

National Strategy ESTONIA 2035 (with action plan that is updated annually)

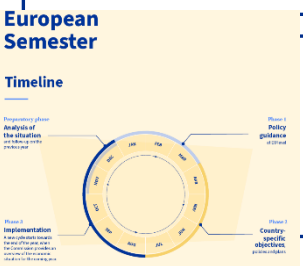
Sectorial Development Plans (4-10y)

EU Policy objectives

STRATEGIES AND PROGRAMS FOR EU FUNDS

Country specific recommendations

Fund specific priorities



Content of investment strategies

- Development needs
- Objectives, planned results
- Description of interventions
- Target groups
- General selection principles
- Result and output indicators
- Financial plan
- General description of implementation system
- General plan for communication



Involvement of partners/ stakeholders

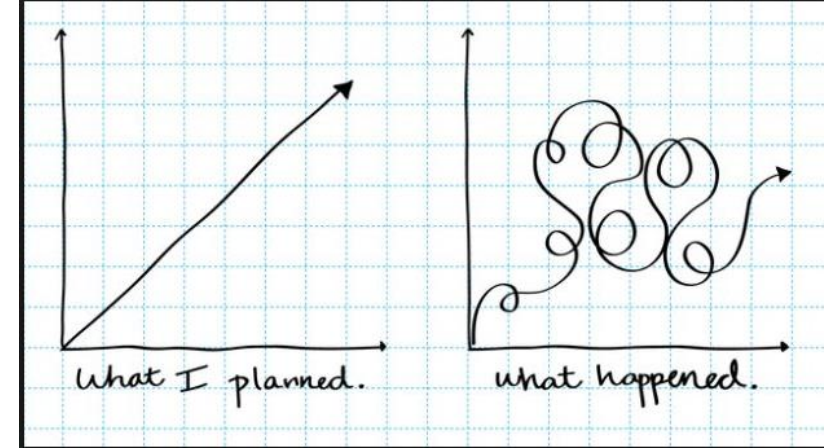
Informing – over 200 sectoral partner organisations

Consulting

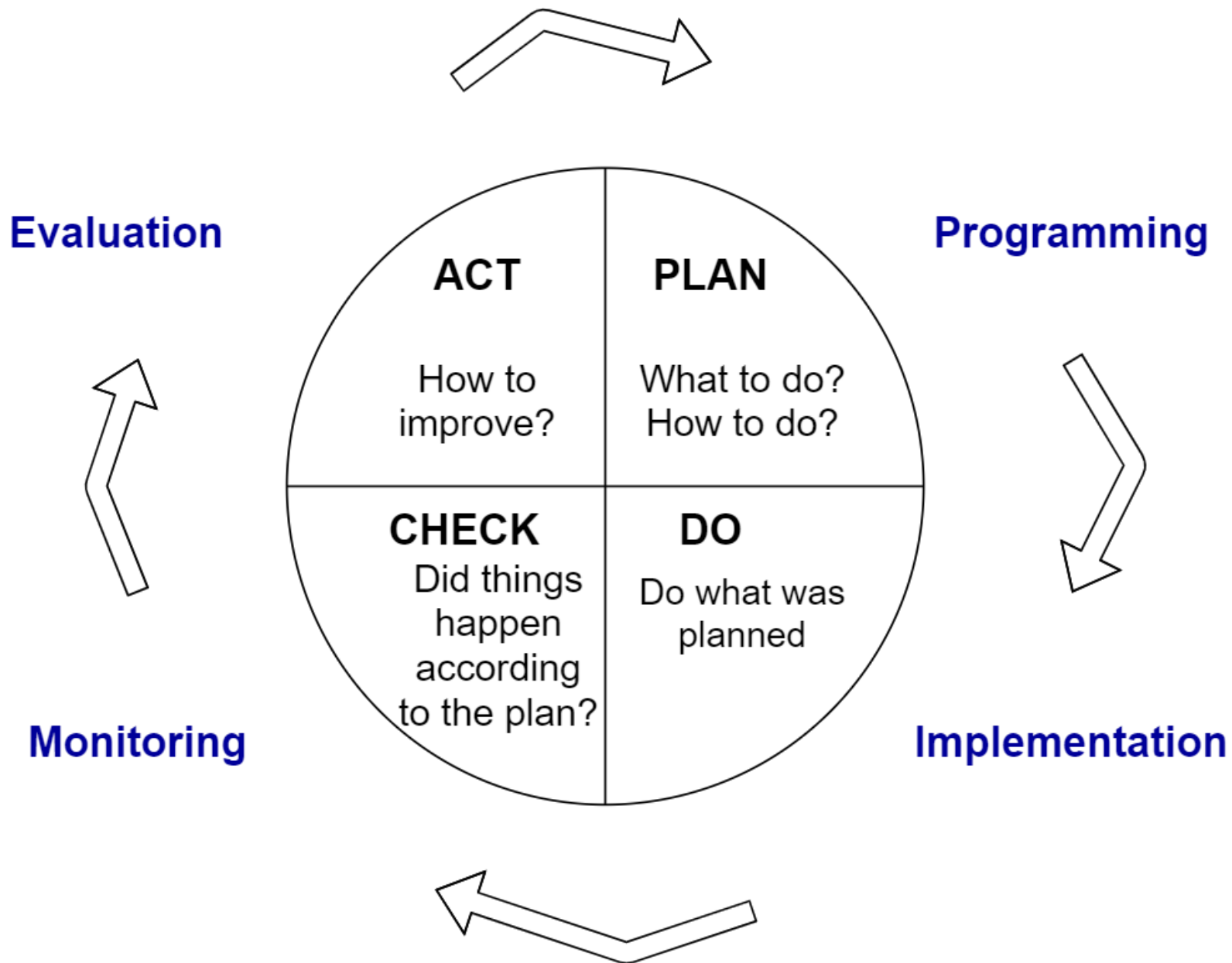
- Monitoring committee, strategy seminars with partners' umbrella organisations
- Written consultations-over 200 sectoral partner organisations

Partnership – partners become our advocats

Lessons learned



- Integration of structural funds into national strategic management and budgeting
- Integration of investments from different funds (for ex. infrastructure and services)
- Centralisation of strategic planning vs decentralisation
- Funding should be a catalyst of bigger changes, not cover running costs in state budget
- Focusing on few priorities instead of dispersion of funds
- Finding balance between regional and sectoral development



Management & control system of EU funds in Estonia

Government of Estonia

Enforcement of legal basis
Proposal for financing projects

Strategic planning
programming, reprogramming
negotiations with EC

**Ministry of
Finance**

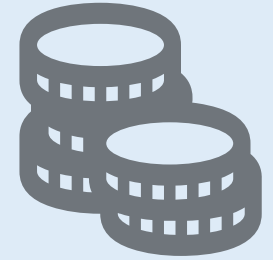
**Government
Office**

European Semester reporting

Line ministries

Measures
Design of interventions

Intervention based legal acts
Intervention design, costing
monitoring the achievement
of results



**State Shared
Service Centre**

Open calls, project selection,
counselling, payment requests

**Project
promoters**

Monitoring, verification of results, control of
projects, internal payments to projects,
payment requests to EC

Beneficiary

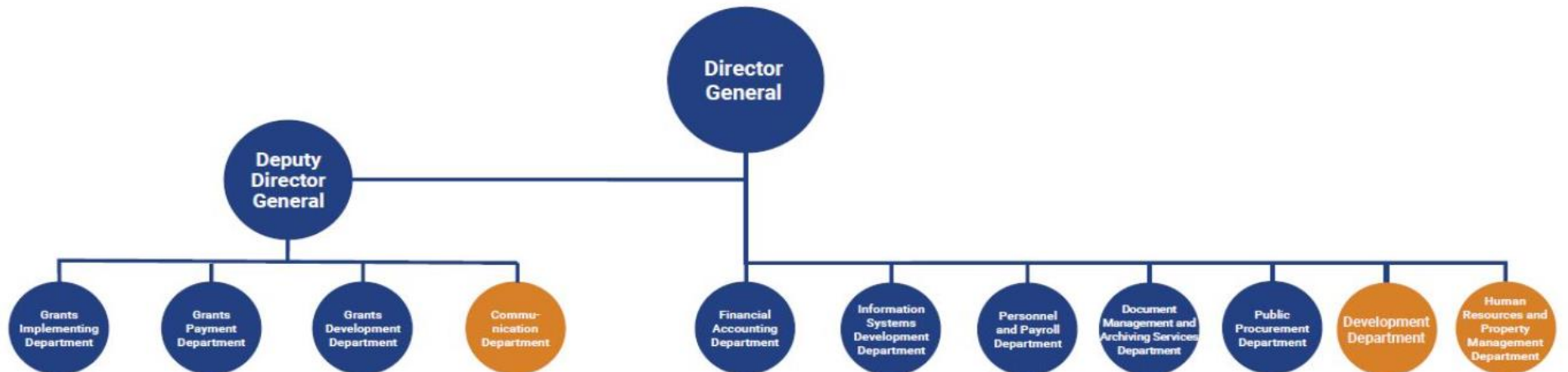
Project application (if open calls),
data submission, project execution, proof
of achievement of indicators, payment requests

State Shared Service Centre- managing authority

The **State Shared Service Centre** (SSSC) is a government agency under the administration of the Ministry of Financem, that provides various support services to the central government agencies.

SERVICES OF SSSC:

- personnel and payroll accounting
- personnel development (organization of central training across the public sector)
- financial accounting
- preparation of consolidated state accounts
- organization of public procurements
- management of Public Law claims
- **organizing the use of grants**





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Thank You for Your attention!

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