

## ESI funds programming in Estonia – NGOs' point of view

*Based on inputs from Network of Estonian Non-Governmental Organisations, Estonian Council of Environmental Organisations, Estonian Fund for Nature, Centre of Stockholm Environment Institute in Tallinn (a.k.a Sustainable Estonia Institute), Estonian Green Movement-FoE Estonia, Estonian Renewable Energy Association and CEE Bankwatch.*

### 1 – Partnership principle

The process of implementation of the partnership principle in Estonia has brought to light various deficiencies that cannot be overlooked. In general there has been keen interest from both the ministries and the partners that the planning documents be quickly and efficiently processed, approved and implemented. In this regard, the Ministry of Finance has provided the other ministries with a lot of freedom to shape the engagement process.

Due to this decentralisation, the quality of the engagement of partners has varied a lot in different fields and under different ministries. Also, the fact that there is a recommended list of partners for each ministry has somewhat narrowed the scope of stakeholders who might actually have had an interest in the process and whose recommendations could be taken into account.

Here the pro-active approach from those partners who initially were left out from the process, and who wanted to be involved in the process, has proven to be crucial. The centralised activities coordinated by the Ministry of Finance have been in the form of information days in the ministry and have focused on providing an overview of the process as well as an action plan on what will be done, and how.

Nevertheless, no discussion or debate over the content of the partnership principle has taken place – it has been a more top-down “notification of the partners”. The representatives of the Network of Estonian Non-profit Organisations have revealed that there have been no substantial discussions over the partnership principle, leading to the situation where the involvement of partners varies substantially among ministries. Thus opportunities for partners to engage in the process are questionable.

Regarding the transparency of information about the ongoing process, it has been rather hectic. Up to Autumn 2013 the partners were more or less informed about the process. From November 2013 to end January 2014 it was really hard to get any public information as well as in contact with the officials in the Ministry of Finance. There is a lack of up-to-date public information, the deadlines are shifting from the initially announced ones and partners are unaware of the contents of the relevant documents as well as the latest timelines.

Within regard to engaging environmental organisations to the process, ministries have had a very different code of conduct. Estonian Ministry of Environment has been very open to partners suggestions and has in its own turn offered a transparent engagement process. At the same time environmental education has little mentioning in PA and OPs and no input from the partners has been gathered in this regard.

Concerning the Estonian Ministry of Agriculture (responsible for Rural Development Plan), it ignored several times the proposals put forward by Estonian environmental organisations. Half of the negotiated measures were deleted from the document last June which resulted in Estonian Council of Environmental Organisation stepping out of the process as a lot of effort was put in writing the proposals and taking part in working groups related to the issue.

After the feedback from European Commission the ministry complemented the document with some measures related to environmental protection, but as they are still insufficient, then Estonian Council of Environmental Organisations takes the position that in this way they will increase negative environment impacts, such as the contamination of Baltic Sea (more fertilizers are bought) as an example.

As far as appropriations from EMFF are concerned, no meetings of the workgroup have taken place. Also, when the Estonian national maritime and fisheries action plan was put together, the members of the working group were not able to give their own input, most of the decision-making was made by the higher levels of the ministry.

The Estonian Network of Non-governmental Organisations has issued several letters (08.10.2013, 31.01.2014 and 17.02.2014) to the Ministry of Finance regarding the deficiencies in the partnership principle and also in the content of PA and OPs, but so far their proposals have not been taken into account, especially within regard to appropriations from technical assistance to the partners.

## **2 – SEA**

As far as the SEA of Estonian PA and OPs is concerned it doesn't point out the lack of negative environment impact of energy production from oil shale and necessary measures for energy transition and renewable energy sources in the PA and OPs.

Estonian Renewable Energy Association has brought the government's attention to this topic several times both in face-to-face and written forms. The government's position is that this is a topic that is tackled through different means not through ESI funds.

There is an allocation of 5 mln € in 2015-2017 to small-scale renewable energy solutions from CO2 emission quotas, but this is insufficient and not in accordance with the goals of national renewable energy plan, according to which the investments in renewable energy solutions requires 820 mln €.

## **3 – Estonian PA and OP not to meet 20-20-20 targets by 2020**

Within regard to the agreement made by EU member states to appropriate 20% of the funds in measures related to the mitigation and adaptation to climate changes in Estonian Partnership Agreement this percentage is 17,4%.

Even this percentage is conditional, because the thematic objective 7 ("Promoting sustainable transport and removing bottlenecks in key network infrastructures") also counts in the reconstruction of Aruvalla-Ardu road to 4 lanes, which actually is the only really big investment in ESI funds 2014-2020 and which impact to environment is controversial, as instead of decreasing car traffic and the emission of CO2 it increases it.

According to the experts in the Sustainable Estonia Institute the actual allocation to climate change mitigation and adaptation in the Estonian PA and OPs levels up only to 11%.

According to the Estonian Council of Environmental Organisations and the Estonian Fund for Nature within regard to Estonian RDP there are no measures related to the nutrient run-off from the arable fields, which is not in line with EU Strategy for the Baltic Sea Region (EUSBSR). Especially within regard to water protection (buffering zones surrounding the fields, artificial wetlands for settling the contamination, small-scale manure storages for meat ox)

According to the Estonian Council for Environmental Organisations and the Estonian Renewable Energy Association the appropriations for the use of ESI funds in 2014-2020 do not earmark funds for promotion of electricity production from renewable sources, whereas Estonia features as one of the highest energy intensities per capita in the EU because of the production of energy from shale oil, which is very energy intensive within regard to the use of natural resources of Estonia. Also, a notification was sent to European Commission by these organisations, but hasn't got a reply so far.

According to Network of Estonian Non-Governmental Organisations there are several deficiencies within regard to thematic object 11 of ESI funds ("Enhancing institutional capacity and efficient public administration") and technical assistance.

These concerns include:

- a) the appropriations do not reflect the actual needs of partners as the evaluation of their administrative capacities has not been included to the document;
- b) there is a lack of justification why appropriations to capacity-building in policy making processes only includes labor market-related partners;
- c) there are no appropriations to support structural changes (i.e development leap) within regard to the cooperation between non-governmental organisations and government.

#### **4 – Other**

A general remark from Estonian environmental organisations is that they find it important to emphasize that DG Regional and Urban Policy doesn't cut the ESI funds appropriations to environment protection, with especial emphasis on nature protection.

Estonian environmental organisations are in the positions that the current plans of the Estonian government within regard to these investments are good and they shouldn't be reduced not even within regard to economical justifications.

This is the part of ESI funds planning that Estonian environmental organisations are very content – as the Ministry of Environment organised several seminars that was targetted to environmental organisations and experts of the field and resulted in valuable input to the policy documents.

Estonian Council for Environmental Organisations and Estonian Renewable Energy Association have sent a joint letter to European Commission (DGs ENER, REGIO, BUDGET) in regard to the contradiction in Estonian PA and OP.

They are concerned that they haven't received a reply from any of these DGs.

For further information:

Siiri Liiva

Estonian Green Movement-FoE Estonia / CEE Bankwatch Network

[siiri.liiva@bankwatch.org](mailto:siiri.liiva@bankwatch.org)

(+372) 5645 4459, Tiigi 8-24, 51007 Tartu, Estonia

[www.bankwatch.org](http://www.bankwatch.org)

[www.roheline.ee](http://www.roheline.ee)

## **Oil shale industry in Estonia**

Oil shale in Estonia is an important resource for the national economy. Estonia's oil shale deposits account for just 17% of total deposits in the European Union but the country generates 90% of its power from this source. The oil shale industry in Estonia employs 7,500 people—about one percent of the national work force—and accounts for four percent of its gross domestic product.

There are two kinds of oil shale in Estonia – Dictyonema argillite (claystone) and kukersite. The first attempt to establish an open-cast oil shale pit and to start oil production was undertaken in 1838. Modern utilization of oil shale commenced in 1916. Production began in 1921 and the generation of power from oil shale in 1924.

In 2005 Estonia was the leading producer of shale oil in the world. Of all the power plants fired by oil shale, the largest was in this country. As of 2007, six mines (open cast or underground) were extracting oil shale in Estonia.

In 2005, Estonia was the largest shale oil producer in the world although it is expected that as of 2007, China has taken that position. In 2005, Estonia produced 345,000 tonnes of shale oil, of which 222,000 tonnes were exported, 8,000 tonnes were utilised for electricity generation and 98,000 tonnes for heat generation.

There are three shale oil producers in Estonia: VKG Oil (a subsidiary of Viru Keemia Grupp), Narva Oil Plant (a subsidiary of Eesti Energia) and Kiviõli Keemiatööstus. The Estonian energy company Eesti Energia owns the largest oil shale-fuelled power plants (Narva Power Plants) in the world.

## **Negative environment impacts related to oil shale industry in Estonia**

In Estonia, more than 90% of electricity is generated from oil shale. However, oil shale extraction is very resource-intensive process and has quite strong negative environment impact to the country.

In her 14.02.2012 letter to Estonian minister of economic affairs and communications, Estonian environment minister has point out the following negative environment impact of energy production from oil shale:

- 1) electricity production from oil shale is causing the most CO<sub>2</sub> emission in Estonia and thus is also the most consumer burdening means of production of electricity in Estonia;
- 2) tens of millions of € has been put under elimination of oil shale ash mountains, 70% of Estonian CO<sub>2</sub> comes from shale oil energetics, 80% of all waste in Estonia is connected with oil shale industries and 80% of Estonian water is being used to keep oil shale industry running;
- 3) Estonian tax payers have to pay extra taxes on their monthly electricity consumption because of the negative environment impact of oil shale industries.