



Luxembourg, 17.11.2022

Environmental and Social Data Sheet

Overview

Project Name:	EU FUNDS CO-FINANCING 2021-2027 (EST)
Project Number:	2022-0166
Country:	Estonia
Project Description:	Co-financing with EU Funds of priority investments in the Republic of Estonia's Operational Programme, and some elements of the Recovery and Resilience Plan, in the 2021-2027 programming period.
EIA required:	This is a multi-scheme operation. Some of the schemes may require an EIA under Annex I or Annex II of the EIA Directive.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The Project will support priority multisector investments included in the EU Cohesion Policy Funds Operational Programme for the 2021-2027 programming period, under the approved Estonian Partnership Agreement 2021-2027. The Project will comprise schemes originated under the Operational Programme, with EIB supporting the Estonian state budget contribution alongside private and other public co-financing. In addition, as a minor element, the Project may support schemes under the Estonian Recovery and Resilience Plan. The investment programme is plan-led and well-embedded in the long-term development strategy Estonia 2035 aimed at achieving climate-neutrality.

The shares of planned investments should reach approximately 30% in integrated urban/territorial development, made up largely of the energy efficient renovation of apartment and public buildings, 24% in research development and innovation investments, 15% in both sustainable transport and education, and smaller investment shares in natural resource use, management and protection, water and waste, energy, as well as health and SMEs.

The SEA Directive 2001/42/EC and EIA Directive 2014/52/EU are transposed into the national legislation of Estonia through the Environmental Impact Assessment and Environmental Management System Act (KeHJS)². Natura 2000 assessment is integrated into SEA/EIA.

The SEA report of the Operational Programme and the Partnership Agreement³ assessed the expected effects arising from the implementation of the Operational Programme on the environment to be positive.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

² [Environmental Impact Assessment and Environmental Management System Act](#)

³ [2021-2027 rakenduskava ja partnerlusleppe keskkonnamõju strateegilise hindamise \(KSH\) programm.pdf](#)



Luxembourg, 17.11.2022

As for the underlying projects, in accordance with Article 73 of Regulation (EU) 2021/1060⁴, all planned investments falling within the scope of EIA Directive will be subject to an environmental impact assessment or a screening procedure and due consideration will be given to the assessment of alternative solutions based on the requirements laid down in that Directive. Environmental proceedings of the permits are carried out digitally in the Estonian Environmental Board's information system "KOTKAS"⁵.

The investment plan has been assessed for Paris alignment and is considered to be aligned with both low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (Annex 2) and/or associated guidance and other relevant documents.

Infrastructure investments under the Operational Programme, with an expected duration of at least five years, will be subject to climate proofing, which is a process aimed at avoiding the vulnerability of infrastructure to potential long-term climate impacts, while ensuring that the energy efficiency first principle is respected and that the level of greenhouse gas emissions from a project is consistent with the climate neutrality objective by 2050. The climate proofing is to be based on the European Commission's Communication 2021/C 373/01 on Technical Guidelines on the climate proofing of Tariffs 2021-2027⁶ and, where appropriate, further relevant guidance.

Furthermore, the 'do no significant harm' (DNSH) principle is applied in the project selection criteria, as per Regulation (EU) 2019/2088⁷ setting out the principle of sustainable investment. At the programme level, the DNSH analysis of the Operational Programme revealed that the measures planned thereunder are in line with the DNSH principle⁸. At the underlying investment level, the DNSH principle is to be assessed in the light of Commission Communication 2021/C 58/01 'Technical guidance on the application of the 'do no significant harm' principle in the context of the Recovery and Resilience Facility'⁹ and, where appropriate, further relevant guidance.

Finally, the funded activities are consistent with the national and regional adaptation strategies and other climate policy documents in Estonia related to transport, environment/biodiversity, public health, etc.

Social Assessment, where applicable

The Operational Programme generates significant social benefits as it fosters an integrated and inclusive social, economic and environmental development. It supports, among others, improvement of the living and working environment, natural environment and biodiversity protection, advancement of the responsive and secure digital state, disaster resilience and preparedness, as well as physical and digital connectivity. Furthermore, through targeted interventions, it promotes the socio-economic inclusion of marginalised communities, low-

⁴ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159–706).

⁵ <https://kotkas.envir.ee>

⁶ Communication from the European Commission 2021/C 373/01 Technical Guidelines on the climate proofing of Tariffs 2021-2027 (OJ C 373, 16.9.2021, p. 1–92).

⁷ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1–16).

⁸ [Evaluation of policies and programmes financed by structural funds | State Support Services Centre \(rtk.ee\)](#)

⁹ Communication from the European Commission 2021/C 58/01 Technical guidance on the application of the 'do no significant harm' principle in the context of the Recovery and Resilience Facility (OJ C 58, 18.2.2021, p. 1–30).



Luxembourg, 17.11.2022

income households and disadvantaged groups, including people with special needs, through integrated measures, including housing and social services.

It fosters equal access to quality and inclusive education and training, from early childhood education and care through general and vocational education and training to tertiary level, as well as adult education and training, including facilitating learning mobility for all and accessibility for persons with disabilities. It promotes equal opportunities, non-discrimination, active participation, and employability. It aims at adaptation of workers, enterprises and entrepreneurs to change and active and healthy ageing and a healthy and well-adapted working environment that manages health risks.

Finally, it enables inhabitants of the just transition region - Ida-Virumaa - to address the social, employment, economic and environmental challenges arising from Estonia's efforts to achieve the Union's 2030 energy and climate targets and the transition to a climate-neutral economy of the Union by 2050 under the Paris Agreement.

The Charter of Fundamental Rights and the United Nations Convention on Persons with Disabilities including the principles of gender equality, inclusion and non-discrimination have been applied over all successive phases of the Operational Programme implementation - programming, setting up management structure, project selection, and finally monitoring and control functions.

Public Consultation and Stakeholder Engagement

The SEA of the Operational Programme and the Partnership Agreement as well EIAs of the relevant underlying schemes are subject to the public consultations in line with SEA Directive and the EIA Directive, as transposed into national law.

Conclusions and Recommendations

The Project is a multi-scheme Structural Programme Loan. The Promoter (Ministry of Finance) will be required to act according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2014/52/EU amending 2011/92/EU), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives and Water Framework Directive (2000/60/EC), as transposed into national law.

The Promoter shall store and keep all relevant environmental and social documentation relating to the sub-projects updated and available for review at the request of the Bank, including the EIA and its Non-Technical Summary, Nature/Biodiversity Assessments or equivalent documents or other documents supporting compliance with the EU environmental acquis.

In case a scheme of costs of over EUR 25m requires an EIA or an appropriate assessment or equivalent, the Promoter shall submit prior to allocation of the Bank's funds the full EIA report or appropriate assessment to the Bank for publication on its website.

The overall institutional capacity of the Promoter to manage the environmental and social issues is deemed satisfactory. With the proposed conditions and eligibility criteria in place, this project is considered acceptable for Bank financing from an environmental and social perspective.