

Axis 4 Factsheet: ESTONIA

Geographical map: Estonia



1. Context in which Axis 4 is being developed and main challenges faced.

With a territory covering 45 227 km², including the two large islands of Saaremaa and Hiiumaa, and a population of just 1.34 million, Estonia is one of the smallest EU countries. However, it has access to a number of fishery resources ranging from the Baltic Sea to the Atlantic Ocean. In total it has approximately 3 780 km of coastline and significant inland waters. Its lakes are generally small except for Lake Peipsi on the eastern border, the fifth-largest lake in Europe and accounting for about 80% of Estonia's inland fisheries catches¹. Most of its 420 rivers are short - the longest being the Pärnu River with around 144 km.

The fisheries sector in Estonia includes distant water fishing, Baltic Sea trawl, coastal fishing, inland water fishing and fish farming. Maritime fishing accounts for 97% of total production and while distant water fishing accounts for only 13% of Estonia's production it represents 71% of the value. Baltic Sea trawl in turn accounts for 71% of production but only 19% of the value.¹ Although the fisheries sector accounts for just 0.5% of the Estonian gross domestic product (GDP), it plays an important role in social and regional terms. The sector accounts for 1% of overall employment (5,400 in fishing, 60 in aquaculture, and 4,500 in processing)² and in certain areas, it constitutes one of the principal sources of employment and income.

However, employment in this sector has changed significantly over the past ten years and has become characterised by seasonal employment, high level of staff turnover, difficult working conditions coupled with low wages, and ageing staff. Fishing currently constitutes the main source of income for only one third of fishers in Estonia. Furthermore, with regard to its coastal fisheries, the available resources are too low to secure sufficient income for all persons engaged. And yet, in many fisheries areas there are few other employment opportunities.

Moreover, despite a long-standing fisheries tradition and relatively high consumer demand for fish products in Estonia, the sector relies largely on outdated facilities and equipment. The fact that fish prices have increased considerably more slowly than production costs has deteriorated the situation in the fisheries sector even more. By 2007, the Estonian fisheries sector consisted of primarily micro, small and medium-sized enterprises.

Suspicion towards "cooperative activities" which remain associated with Soviet times and minimal collective action and initiative at a local level further confound the difficulties facing fisheries areas, as does a lack of financial resources for starting up or developing businesses.

2. The national response in terms of Axis 4

The national response to these challenges mentioned above has been to dedicate a high proportion of Estonia's EFF budget - about 23% - to Axis 4, which is the fourth highest percentage in Europe after

¹ Distant water fishing: 13.1% of catches / 71.22% of value; Baltic Sea trawl: 71.01% of catches / 18.96% of value; coastal fishing: 12.66% of catches / 4.24% value; inland water fishing: 2.74% of catches / 3.75% of value; fish farming: 0.49% of catches / 1.83% of value.

² Employment in the fisheries sector: current situation (FISH/2004/4)

Romania, Poland and Latvia. As such, Estonia demonstrates a strong commitment to focussing on a bottom-up territorial strategy to foster the socio-economic development needed in its fisheries areas.

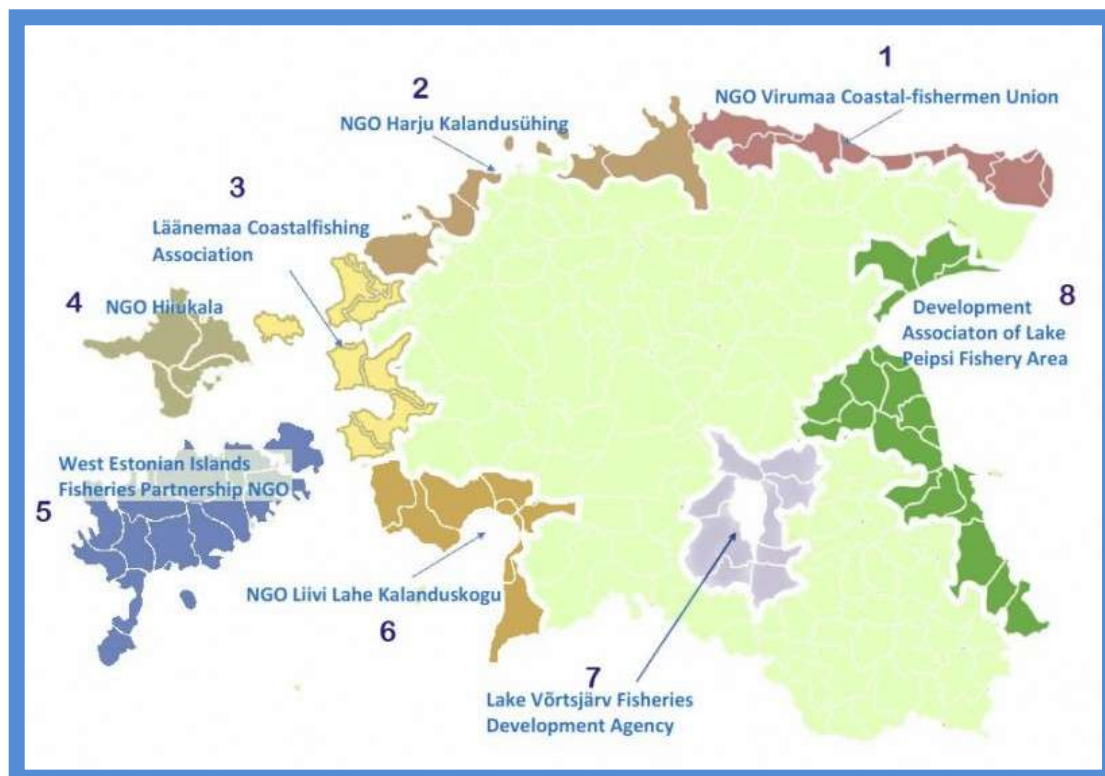
Adding value to fisheries, diversifying the local economy and raising participation levels of fishermen in Fisheries Local Action Groups (FLAGs) as well as that of municipalities in coastal fisheries areas are central to its objectives. In particular, a significant opportunity in terms of increasing employment is considered to be in adding higher value to fish locally through primary processing, drying, salting and/or smoking of fish. Fishing tourism and fish farming are also areas that are currently underexploited and that Estonia recognises as important areas to develop.

3. The areas and their key characteristics

The Ministry of Agriculture identified 8 areas potentially eligible for Axis 4 funds. Each area coincides with the borders of the administrative units determined by rural municipalities and was considered to have sufficient critical mass in terms of human, financial and economic resources to support a viable local development strategy. 4 FLAGs share the same borders as Leader groups – though the action groups are entirely separate entities.

The selected areas had a particularly high proportion of people engaged in the fisheries sector – with each area counting approximately 500 fishermen, except for Võrtsjärve area which had just 70. In other words the 8 areas are home to some 3 570 of Estonia’s total 4 100 fishermen – or 87% of the fishing population. All 8 areas are characterised by low population density and decreasing fishing trend. Geographically, these areas cover 36% of Estonia (15 766 km²) and are as follows:

<u>Fishery area</u>	<u>Area/ km²</u>	<u>Population</u>	<u>Pop. Density/ inhab/km²</u>
Virumaa Fishery area	1 450 (coast)	18 295	12.6
Harju Fishery area	1 761 (coast)	40 396	23.0
Läänemaa Fishery area	1 839 (coast)	10 708	5.8
Hiiumaa Fishery area	1 023 (island)	10 118	10.0
Saaremaa Fishery area	2 907 (island)	19 889	6.8
Pärnumaa Fishery area	1 644 (coast)	20 057	12.2
Võrtsjärve Fishery area	1 987 (inland waters)	20 125	10.0
Peipsi Fishery area	3 155 (inland waters)	30 723	9.7



4. The selection process

A two stage selection process took place in Estonia. The whole process, starting from establishing the non-profit organisations up to strategy development, was supported by a one year training programme for FLAGS, organised by the Ministry of Agriculture, in cooperation with Pärnu College University of Tartu and Training Centre Tõru.

1. An assessment committee, made up of representatives and experts from the Ministry of Agriculture, the intermediate body and other relevant institutions and organisations, was set up to assess the FLAGS and their proposals for strategy preparation from August – September 2008. These proposals describe the FLAGS' planned actions due to be carried out in order to prepare the strategy (such as training, informing, commissioning studies and expert assistance, etc.) and briefly describe the basis for the functioning of the action group, including the administrative and financial capacity for administration of support; how the work of the FLAG will be organised; the membership of the FLAG etc. In cases where more than one FLAG per area competed, preference was to be given to the group with the most entrepreneurs and fishing associations.

Based on these assessments, the approved FLAGS were allocated funds (approximately €70,000 per group) to develop their strategies. 2-3 people per FLAG were employed for the strategy development phase which lasted for 10-12 months and included broad consultation with local actors and the contracting of external experts where necessary.

2. A second assessment committee, involving many of the same experts, was then established in April 2009 to assess the strategies developed by the FLAGS. The suitability and quality of development strategies are being assessed by the assessment committee from July 2009 – January 2010. These strategies are expected to demonstrate connections with other development plans and strategies in their area and clear responses to the needs of the area.

5. The groups

The groups were established as non-profit organisations, including members from the public, non-profit and business sectors. In terms of the representation of stakeholders, Estonia's FLAGS have a high proportion of actors from the fisheries sector. Indeed, the fisheries sector must account for a minimum of 60% at all decision-making levels. Entrepreneurs and/or self employed individuals from the fishing sector must make at least 20% of the FLAG.

The most advanced groups, the Development Association of Peipsi Fishery Area, West-Estonian Islands Fisheries Partnership NGO (Saaremaa Fishery area) and Lake Võrtsjärv Fisheries Development Agency, have 107, 82 and 34 members respectively which are all signatories to the FLAGS' association agreement. The balance of these stakeholders is 73-84% entrepreneurs/self-employed from the fishing sector; 2-6% entrepreneurs from outside of fishing sector; 6-10% non-profit associations; and 7-15% local governments representatives.

Each FLAG has a board of 6-10 people which represents and manages the organisation. The board is elected by its members, with an elected head and manager. For the purpose of selecting projects, the members of each FLAG's partnership choose a minimum of 7 people, along with a few reserve members, to make up the selection committee. The Ministry recommends that at least 50% of the selection committee should be from outside of the board. In addition, the selection committee may contract external experts if projects presented demand further expertise. Peispi FLAG has two permanent selection committees, one for larger projects related to work around harbours and one for smaller scale projects.

6. The strategies

At the time of writing, the evaluation of the strategies was still taking place but at this stage certain priorities were already emerging. In the Peipsi and Saaremaa areas, for example, 60% and 40% of the budget, respectively, were expected to be allocated to the "development of fishing ports for vessels".

All three areas allocate between 20% and 25% of resources to the "Development of tourism and villages in coastal areas". "Fish processing and marketing" and "diversification of activities" are two other high priorities for Võrtsjärve (25% of resources on each) and Saaremaa (17% and 25% of resources respectively). Training is the fifth priority for all three areas, accounting for between 3% and 10% of resources. FLAGS dispose of a budget of approximately €3 million each for the initial programming period.

7. Key features of administrative and financial systems

EFF budget 2007-2013 and funding from National level.

% of EFF Budget on Axis 4	EFF Budget on Axis 4 / €	National Funding /€	Total Budget / €	Average Budget per group / €	Number of groups
22.8	19 281 513	6 427 171	25 708 684	3 213 586	8

- Local actors (potential beneficiaries) present projects to the FLAG
- The FLAG evaluates and selects projects. In cases where the funding is less than 1 million EEK (€64 000) the board and selection committee will decide. In cases where the funding will be over 1 million EEK, the selection committee will evaluate applications but a majority vote by members of the partnership is also needed to approve the project.
- The FLAG presents the application to the Paying Agency. This is the Agricultural Registers and Information Board which is part of the Ministry of Agriculture.
- Agricultural Registers and Information Board checks eligibility of specific actions and completes the financial control.
- Agricultural Registers and Information Board makes payment directly to the beneficiary.

8. Networking and capacity building

Financed by the EFF's technical assistance, the Estonian Fisheries Network was set up in January 2008. It comprises the 8 FLAGs and a network support unit.

The Fisheries Network's main task is to promote the exchange of knowledge and experience at national and EU level, involving beneficiaries and other parties interested in the development of fisheries. In particular it arranges thematic meetings to promote cooperation, promotes the exchange of mentoring contacts and organises training for the groups. It also aims to involve scientists and officials from the Ministry of Agriculture and the Ministry of the Environment in order to raise the awareness regarding fisheries issues.

The Rural Economy Research Centre, a state agency administered by the Ministry of Agriculture is responsible for promoting the activities of the fisheries network as well as the collection, analysis and dissemination of relevant data. It also organises events designed for the FLAGs.

9. Any resource or idea that may be of interest to other countries

Estonia's thorough selection process and the strong support given to FLAGs for developing their local strategies provides a valuable example for member states that are embarking on the early stages of work in territorial development.

10. Contacts and links

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