

European Union support for Estonia

THE WAYS ESTONIA HAS USED EU STRUCTURAL ASSISTANCE • 2010

"Smart House"
conquers the world

Free yourself
from debt

Observing
the temper
of the sea

From an
idea to a
business



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European Union support for Estonia – the ways Estonia has used EU Structural Assistance • 2010

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ESTONIA IS FULL OF OPPORTUNITIES!

Text: Piret Mäeniit

Artur Talvik is a man of many talents: a singer and film-maker, leader of the Tapurla village society, founder of the innovative travelling cinema and instigator of the 'Ancient Light Night' and the 'Sing As One' Festival. He is the originator as well as the executor of novel ideas and a good example of both an enterprising spirit and of citizens' initiative.

In 2009, the non-profit organisation now called 'The Travelling Cinema of Arthur the Cat', founded by Talvik, was supported under the the Leader programme measure with 469 402 kroons . Together with Talvik's own contribution the total cost of the project amounted to 521 558 kroons.

Was it an easy or difficult task to carry out the project and what are the experiences you would like to share with future applicants?

You should not look for programmes just to see what kinds of funds are available. It should be the other way round – you need to have your own idea first. I wanted to found a travelling cinema and at first I did not even think of the funding. Four years ago I adapted the basement of my house into a village cinema and paid for the necessary equipment out of my own pocket. This village cinema soon became very popular and I was even invited to other villages to show films. It was only then that I started to consult specialists concerning all aspects of the project, including technical issues. I drew up a business plan and when the Leader-programme measure started up, I applied for funding (see www.pria.ee).

I would personally advise you not to call on so-called 'professional project writers', who do it for a living, to draw up your application. When you think the project through thoroughly by yourself and write it down yourself every little detail will be in place and it will show. My experience is that those people who write out a project as part of a formal procedure do not actually give it that much thought!

Tell us more about the 'Sing As One' Festival that took place last summer.

The very idea of the festival was to raise the awareness of local communities as to the possibilities offered by their community centres and village open air venues. During recent years many new community centres, as well as village swing and sports grounds, have been set up that are only used during Midsummer Day festivities or for song festivals but which for most of the year stand idle. But the popularity of the 'Sing As One' Festival concerts and the village hops, which were organised,

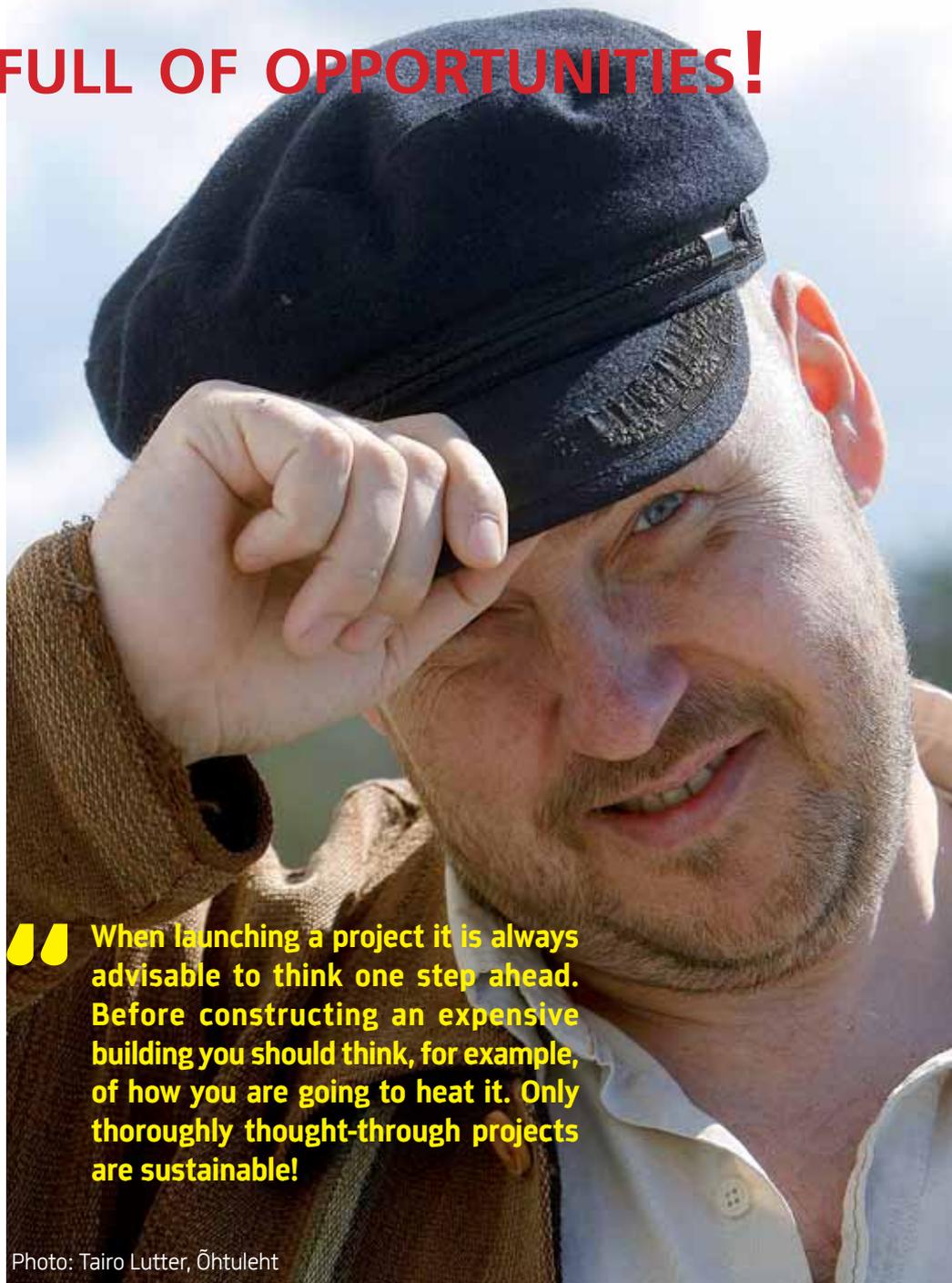


Photo: Tairo Lutter, Õhtuleht

When launching a project it is always advisable to think one step ahead. Before constructing an expensive building you should think, for example, of how you are going to heat it. Only thoroughly thought-through projects are sustainable!

led people to think of other similar occasions that could be organised using the available facilities. In a word, I wished to mobilise people to make better use of their opportunities.

After the foundation of the Tapurla village society we initially organised several events to raise money for the society; and it was this way that we raised enough money to fund other events. Raising money by ourselves also contributed to the fact that villagers were much more dedicated to the project. We also restored the old border guard tower and our next goal is to erect a basketball court.

When looking at projects aimed at enhancing local development there is one thing I would like to emphasise: it is necessary to keep one's head in order to avoid duplicating projects in a small area. There is a warning example in my home neighbourhood which has two very nice,

but struggling, swimming pools - as there are not enough visitors to keep them both going!

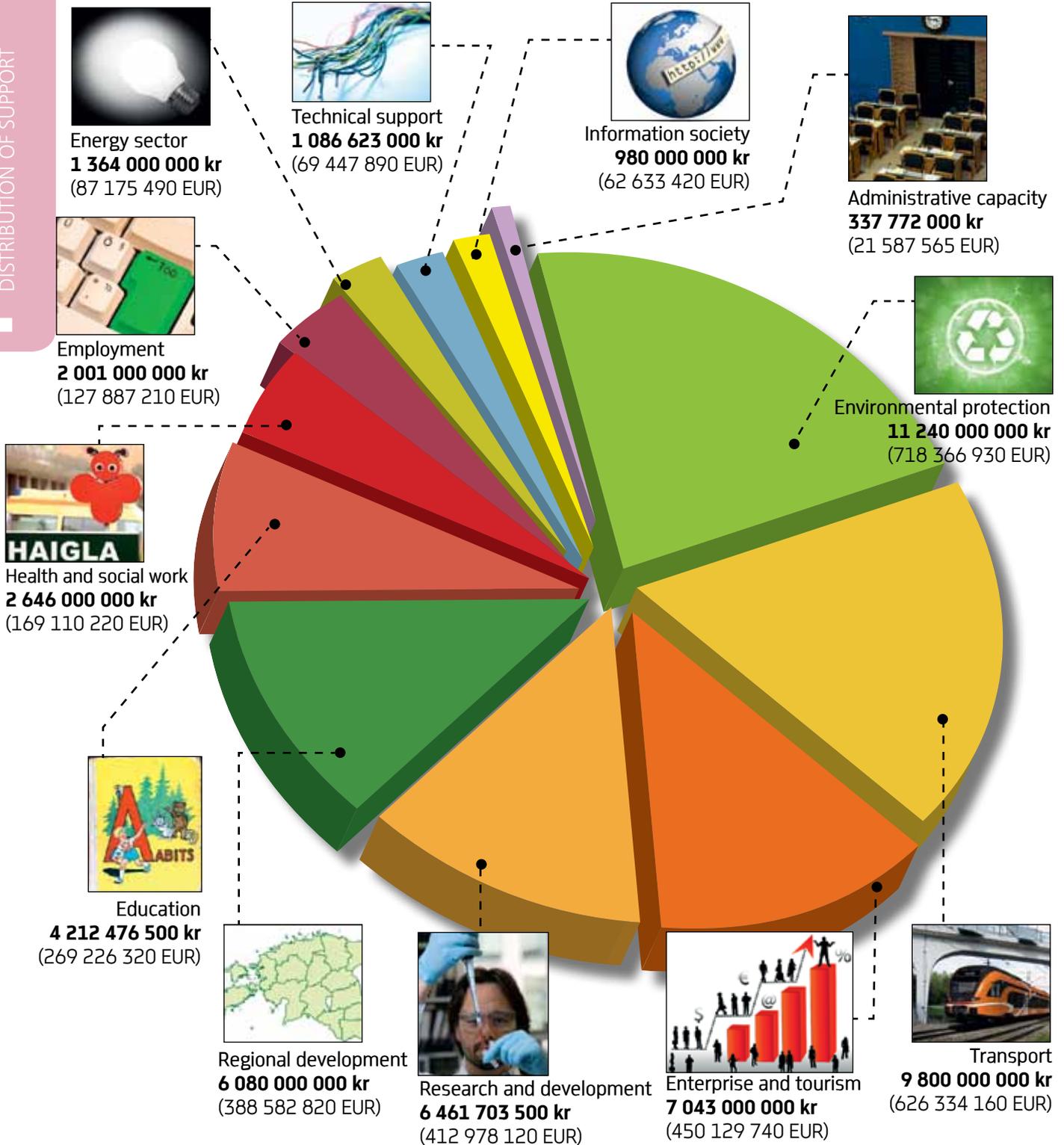
Therefore, we need to have a broader perspective on things and development plans should focus on the actual needs of the community not on guessing what programmes might be expected of us. Keep a cool head!

The European Union aid schemes in their present form will apply to Estonia for only a few more years. What is the significance of this fact for your village society?

I believe that no difference should be made between village societies and business ventures. Estonia is full of opportunities. All we need to do is to put our heads together and act on it, always bearing in mind that EU funding is only meant for launching a project, whereas keeping it going is entirely up to ourselves.

DURING THE PERIOD OF 2007-2013 ESTONIA CAN USE MORE THAN 3.4 BILLION EUROS OF EUROPEAN UNION STRUCTURAL ASSISTANCE*

DISTRIBUTION OF SUPPORT



* the distribution of funds as at October 2010. EU support is supplemented with co-financing by the Estonian state.

** In addition Estonia can use European territorial co-operation support of 819,400,000 kroons (52 369 200 EUR). The final amount may be even larger depending on the activeness of Estonian partners.

EUROPEAN UNION STRUCTURAL ASSISTANCE FOR ESTONIA

Estonia has been able to use the support allocated from the European Union Structural Funds and the Cohesion Fund since 2004. During the previous budgetary period (2004-2006) Estonia received 12.5 billion kroons from these funds. During the ongoing budgetary period that started in 2007, and will last another 3 years, Estonia receives another 53.3 billion kroons of structural support which will be complemented by 12.5 billion kroons additional support for rural development and fishery. Estonia has been vested with the important task of using these billions of kroons in a manner that is useful for the development of the whole country.

With the help of European Union support we will make the environment cleaner and more human-friendly, offer better education to

young people and contribute to an increase in employment. We will also support the rapid development of business, exports and science, contribute to the development of the information society and make moving from one place to another smoother and quicker.

Structural Assistance is allocated from three funds:

- **European Social Fund** supports the promotion of employment and equal opportunities and the improvement of competitiveness in the labour market with 7 billion kroons;
- **European Regional Development Fund** supports development of economic activities and infrastructure with 28.6 billion kroons;
- **Cohesion Fund** supports large-scale investments in transport and environmental projects with 17.6 billion kroons.

Principle guidelines

European Union structural assistance can be applied for by legal entities – companies, non-profit associations, foundations and self-employed persons, as well as local governments, state agencies and other constitutional institutions. As a rule, private persons cannot apply for structural assistance. Below you will find an overview of principles that you should keep in mind when applying for structural support.

Text: Piret Mäeniit

A - Ideas and business plans

If you have a good idea, do not lose track of it. Consider it seriously for a while and try to keep it in your thoughts but don't rush to realise it immediately. Think carefully whether you are the right person to implement it - and if you conclude that you are and that you are still enthusiastic about it, only then start to take action.

The first thing to do is to prepare a strategy i.e. a **business plan**. Make a list of the main issues involved and reason them through thoroughly one by one - the more detail you put into this, the better.

Begin by preparing the most promising scenario; but then be sure

to also think about possible impediments and drawbacks. To do this prepare for yourself a plan B and think of how to overcome possible failures or how to prevent them.

Once you have completed this process draw up a proper business plan (see pages 8-9).

Information on how to prepare and manage a project can be found in the International Handbook on Project Management which is available on web page www.siseministeerium.ee/?id=300. You should bear in mind that application forms can differ in large measure and more detailed information on them is available on the home page of an implementing agency (see page 23).

B - Funding opportunities

Measures

The simplest way to find funding for your project is through the Internet. For each measure and open call strict rules are established on who can apply and what sorts of projects are eligible. The application has to be submitted to an implementing agency that is competent to process and check the project application (see page 23). The general principles of structural assistance are available on the web site of Structural Funds: www.struktuurifondid.ee. Detailed information on the conditions, deadlines, information days and required documents of open call can be found on the home pages of implementing agencies (see page 23). If you follow these guidelines carefully you should be able to complete an application independently.

Eligibility

An important step in the application process for the applicant is to make sure that the planned activities and costs described in the project application and the applicant itself are eligible i.e. that you comply with the requirements of the measure and that the planned activities and costs can be funded under the measure concerned. The most precise information on eligibility can be found in the regulation concerning the measure (all relevant legislation is available on web page: www.struktuurifondid.ee/toetatavad-meetmed)

that provides for exact application conditions.

Self-financing

When applying for support it has to be kept in mind that financial support is only given on the condition that those who request it also contribute money to the project themselves i.e. self-financing is necessary and the required rate of **input is between 10%-80%** of the total eligible costs of the project.

Consultations

Before the submission of an application it is wise to consult with specialists. In other words, treat your project with respect - if you have a good idea, try it on a business consultant! You can also use the assistance of regional development centres (see page 23). Information on free consultation services and private consultants is also available on the home page of Enterprise Estonia www.eas.ee.

Sufficient time for preparations

Remember to set aside enough time to prepare your project application. Be sure to think about what additional documents you must submit with your application and allow time to acquire them - as they are not ready made waiting for you! Do not leave the submission of an application to the very last minute of the deadline as all kind of unexpected problems may occur such as computer breakdowns, communication failures, blackouts, traffic jams, etc.

C - Reporting and accounting

Accounting and reporting are inseparable parts of each project and these things must not be neglected or considered as second-rate obligations. Remember also that European Union support is usually paid only after the project costs are incurred and that the support is only paid on the basis of invoices and reports submitted by an applicant.

Supporting documents and payment claims must be submitted to an implementing agency according to the schedule for granting support; and all documents related to the project (including supporting documents and contracts) must be carefully kept until the end of 2025. A final recipient must also be ready for detailed on-the-spot verification of the above listed project documents by a representative of an implementing agency. Implementation of a project (project management) only begins after receiving a financing decision based on the preparation of the project and ends with reporting to the implementing agency.

EXTRACTS:

- You should have a clear understanding of what you want to do, for what reason, who it is aimed at and how the project will be implemented.
- Before submission of a project application you must identify whether your project is in compliance with the terms and conditions of the specific measure and open call. Specify the target group and assess the possible results to be achieved.

From an idea to a business

In February 2010, the leader of a media agency, Monika Mägi, had the interesting idea of making bag chairs in national patterns! Monika Mägi and Kristjan Saar relate how this idea materialised with the help of European support in the form of their very own business.

Text: Anneli Ammas
Photo: Marko Mumm

"Bag chairs are enormously popular among young people but the ones sold in stores were, in my opinion, hideous – greyish beige and brown products made of leather waste," says Monika.

Monika was in charge of a media agency at the time. But both she and IT specialist Kristjan Saar, who had a dream job at Skype, had reached that certain point in their lives where they both wished to start doing something new and completely different. They both had that somewhat vague idea of entering the world of production by combining design and marketing and starting mass producing tasteful etno-style products.

Magical patterns, a silk printing plant and etno-portal

First of all, Monika and Kristjan went to a book-store and bought all kinds of books about Estonian national patterns, plaids

and blankets as well as the history of national costumes. Monika liked best the one telling about the mitten and stocking patterns of the Island of Kihnu and their hidden meaning. Many of these patterns have now been used on bag chairs, cushions and blankets produced and sold by the still small company of Monika and Kristjan.

When they had designed their first patterns and familiarised themselves with the gist of the future production process, Kristjan participated in a silk printing course at Tartu Art College. After that he founded his own silk printing plant. "Silk printing is an endless source of inspiration," says Kristjan excitedly. The location of the printing plant in the same building as his brother's art studio, overlooking the sea, is also inspiring.

When the company had been established, the new operators discovered to their surprise that the domain etno.ee was largely unknown and so they seized the opportunity. Today, the Internet portal etno.ee sells etno-style products, such

as hammocks, hanging chairs, umbrellas and rubber boots as well as roller blinds - also manufactured by other producers. Monika says that they accept for sale tasteful quality products made preferably in Estonia.

100 000 kroons of start-up aid

Monika and Kristjan received almost 100 000 kroons through Enterprise Estonia for starting up the production and manufacturing of sample products.

"This aid helped a lot," says Kristjan. "We ourselves have invested twice as much by also taking a loan with the support of the Credit and Export Guarantee Fund, KredEx. By the end of our first year, 2010, we hope to have become a company with a monthly turnover of 150 000–200 000 kroons."

After having established - through the website and direct contacts - that start-up aid was specifically designed for young businesses, applying seemed a logical step for Monika and Kristjan. "It was also beneficial for us as businesspeople as we had to defend our business plan. During the preparation work we learned a lot, especially about drawing up a budget, and that got us in touch with the real situation we were facing," says Kristjan, adding that now they are planning to apply for design, export and growth aid as well.

Currently this small enterprise employs only a few people – there is one worker who prepares the cut-out patterns and another who does the sewing; Kristjan prints the fabric and the designing unit of the company comprises designer, Evelin Urm, and a member of the teaching staff at Tartu Art College, Mart Anderson, who also introduced ancient runes into their pattern selection.

Within just six months the etno.ee trade mark has overseen the design process and introduction into production of chairs, cushions and picnic blankets with several different national patterns. This autumn, the total number of bag chairs produced reached 150. T-shirts with symbols representing patience as well as symbols believed to have the power to protect the wearer from evil are the latest additions to their product range.



Project name: Etno.ee start-up aid (Etno Goods OÜ), business development, course support
Amount of support: 6293 EUR
Project was supported by the European Social Fund
2nd level intermediate body: Enterprise Estonia (www.eas.ee)

Kristjan Saar and Monika Mäe had both reached to the point in their life, where they wanted to start doing something, that's new and totally theirs. The two combined their skills and ideas - so was born etno.ee

Refreshment with Väraska water

For over 40 years the natural mineral water known as Väraska Original has been pumped out of a well that is 470 meters deep. The pressure and mineral consistency of the water are constant. During the bottling only bubbles are added to the water.

Väraska water is an Estonian product of which we can be rightfully proud. But in order to become known and liked by consumers outside of Estonia skillful sales management by an ambitious marketing manager is needed. The new marketing manager of AS Väraska Water, Aleksej Nepogodin, is the right man for the job.

Text: Anu Jõesaar
Photo: Lauri Kulpsoo



Name of the project: Hiring a marketing manager with international experience for AS Väraska Vesi
Amount of support: 30 678 EUR
The Project was supported by the European Social Fund
2nd level intermediate body: Enterprise Estonia
(www.eas.ee)

“Our goal is to conquer the markets of Lithuania, Belarus and Kaliningrad,” confirms the ambitious Aleksej Nepogodin, adding that he is using all his experience in international marketing, his connections and energy to achieve this goal. He says: “This goal will be achieved in two years and it is possible that by then we will also have settled in Poland.”

International man

Aleksej Nepogodin, who joined AS Väraska Water team this September, is a Belarusian living in Lithuania who knows both these countries well.

Thanks to his long work experience he is also very familiar with the economy, business culture and consumer habits in Latvia, Poland and many other European countries.

Although finding markets for Estonian mineral water and gearing up for exports means working mainly abroad, the new marketing manager even starts even his e-mails with “hello” in Estonian. However, in Lithuania, Belarus and some other countries he is able to promote our mineral water in their native languages. “Väraska Water products are of a high quality, the production process is monitored very carefully and the company is ready to take

“Our goal is to take 3 to 5% of the Lithuanian market and 1 to 2% of the Belarusian and Kaliningrad mineral water markets.”

Aleksej Nepogodin,
New marketing manager of AS
Väraska Water

A unique health water

Väraska Water is an Estonian product of which we can be rightfully proud. It is mineral water with a unique content of salts and micro elements that is taken from a well 470 meters deep. Nothing other than carbon dioxide is added before bottling. In addition to relieving thirst, the mineral water helps the body to recover after physical activity and speeds up the metabolism.

into account the marketing traditions of other countries. Therefore, we have the possibility to be successful and gain the reputation of being a reliable partner,” says Nepogodin with confidence. “Our goal is to take 3 to 5% of the Lithuanian market and 1 to 2% of the Belarusian and Kaliningrad mineral water markets. These are realistic goals and we have all the means to achieve this.”

Already available in Lithuania

The sale of Väraska products in Lithuania is the first result of the efforts of the new marketing manager. By the end of this year sales should be starting in Belarus where negotiations with possible sales outlets are currently underway. Sales in Kaliningrad should be in full gear by spring/summer 2011.

“In Lithuania, they have their own mineral water producers who are very well established - such as, for example, Vytautas Water. But I am sure that we can make progress thanks to the good quality of Väraska Water and the beautiful design of its bottles,” states Pogodin. This spring saw the upgrading of the technology of the whole factory and the water is now bottled in higher quality and more convenient plastic bottles.

The business plan as the guide for an entrepreneur

If an entrepreneur does not know where he is heading nobody can help him. A well prepared business plan helps to set targets and keep the company on the right track. We ask two persons who have analysed and assessed the business plans of hundreds of start up companies how to prepare such a plan.

Text: Anu Jõesaar

Photos: Marko Mumm

When I start up my little company I know what I am going to do. At the beginning I plan to cover my costs with my business activities and later also to earn some profit. Can that be called a business plan?

Raido Raudnagel: This is more like a business idea. A business plan means a written expression of your ideas, including analyses and calculations on the basis of which the profitability of the business idea can be proved both to yourself as well as to potential investors.

Mari Vavulski: In addition to the aim of earning a profit it is important to think about how to achieve this aim in reality. Whatever we plan, even if it is just a jolly birthday party, we have to think over several things before organising a really swell party. For example, where to have it, who to invite, what to do once there, how much will it cost, etc. The same applies to starting your own company.

What should the written business plan look like? Does it have to be written in a certain format? Why isn't it enough if the plan is just kept in the head of a businessman?

Mari Vavulski: It is true that some plans only exist in our heads but, despite that, we are perfectly capable of carrying them out successfully. But whenever we have to deal with a larger undertaking it is worth getting hold of pen and paper. Writing helps you to better prepare a plan and analysis, find answers to questions and work through the situations that may

occur in reality. All this forms the guidelines for a business i.e. a business plan on which we can lean when making important decisions.

If the company has several owners it is even more important to establish the negotiated positions in the business plan in order to avoid any misunderstandings later. Thus, a business plan is a clear strategy and an elaborated action plan that will be a primary information source for the owners, as well as for potential investors and funders.

Raido Raudnagel: The format of a written business plan depends greatly on who is going to read it. If it is meant only for the person who wrote it, the plan does not have to be that detailed because the reader himself knows the details anyway. However, when outsiders are going to read the plan it has to be properly structured and drafted in a clear manner so that everybody understands it the same way.

A written business plan also gives an opportunity to compare in the future what was initially planned and how it has actually worked out. It is almost like concluding a contract with yourself because although our thoughts and ideas are changing every day, what's on paper stays the same.

There are many different ways to draft a business plan and there is no fixed format for it. However, guidelines concerning the content of a plan are available. In the case of applying for support it is important to structure the business plan in a manner

so that the reader can understand what the writer actually means. Although some things are often assumed to be self-evident for all, in fact that is often not the case for everybody.

What period should the first business plan of a starting company cover? How often should it be adjusted?

Mari Vavulski: The first detailed business plan of a company should be prepared for a period of 3 to 5 years – it should contain short term objectives that are described precisely. It is also important to think about, and formulate, the mission of the company (why is it thought necessary to establish the company) and the vision (what are the goals and how are they to be achieved). The Roman philosopher, Seneca, once said that if there was no goal the plans would fail...

Raido Raudnagel: The generally accepted principle is that plans are made for a period of at least 3 years; after which time it is wise to review them a couple of times a year in order to keep a check on developments and see whether you have actually achieved what you planned and, if not, what should be changed.

What is the use of a business plan? How does it help the entrepreneur cope with reality?

Mari Vavulski: We often read business plans that are written for potential funders with the aim of getting a positive funding



Mari Vavulski is a senior consultant of the Business Start Ups Division of Enterprise Estonia "We consider the business consultation as successful if questions which do not yet have answers have been raised or weaknesses of the plan have been revealed."

Raido Raudnagel is the Service Manager of the Estonian Unemployment Insurance Fund who has, together with his team, reviewed this year more than a thousand business plans submitted by unemployed people who wish to start their own business. "If former paid workers start a business in the same area they are usually experts in that field, but often they have no idea about issues related to business management."



decision. However, it is important to understand that a business plan is, first of all, necessary for the entrepreneur.

Raido Raudnagel: As a result of preparing a business plan a person should reach a decision as to whether his or her idea is worth implementing or not. If the conclusion is that it is worth trying, it will act as a guide for the following years. It should be pointed out that, in addition to this, different grants and loans can be applied for on the basis of a business plan - but this should not be the only aim of drafting a plan.

Mari Vavulski: It is also good if a person who prepares a business plan then decides not to realise his or her business idea as it is obvious that it will not work i.e. it will not be profitable and that this recognition has appeared as a result of a thorough assessment while sitting at a table, instead of rushing out to waste resources.

What have been the main mistakes and problems in the business plans that you have seen?

Mari Vavulski: Regardless of the fact that Enterprise Estonia has two different grants for start up companies: the start up grant (100 000 kroons) for a sustainable small enterprise to operate on the local market and the development grant (500 000 kroons) for companies with growth and export potential, the problems in business plans with different ambitions are similar: sales revenues are overesti-

mated and costs are underestimated; the target group of the product or service is not clear; potential customers are there but it is not clear how the product will be actually made; proper thought is not given to all the resources (money, people, raw materials) or there is the vain hope that a product will sell by itself i.e. no thought has been given to marketing.

Raido Raudnagel: An unemployed person who has passed a business course, has a degree in economics or has previous business experience can submit his or her business plan to us. Generally our applicant entrepreneurs are experts in their area as they have previously worked in this very same field - but as paid workers. However, this can also be their biggest weakness because operating in the same field first as a paid worker and then as an entrepreneur can be two totally different things. The costs or the production capacity are often not calculated properly i.e. people often have no idea as to whether they are at all competitive in the current market.

What is the secret of a successful business plan?

Raido Raudnagel: A good business idea! However, a good idea must be supported by a well calculated and comprehensive business plan.

Mari Vavulski: A successful business plan which is well considered and written in a manner that all parties understand it in the very same way. In some cases, its

Six important questions concerning any business plan:

WHY? - why choose entrepreneurship, what is the long-term objective and vision for the future

WHO? - does the entrepreneur have the qualities required to be successful in the chosen field?

WHAT? - what are the products/services, how do they differ from others

FOR WHOM? - who are the potential customers, what is the market, marketing plan

BY WHAT MEANS? - financial resources, production premises, means of production, human resources

HOW? - everyday operation or production process

Help for preparing a business plan on internet:

- www.aktiva.ee
- www.eas.ee
- www.mak.eas.ee
- www.tootukassa.ee

A written business plan is very much like concluding a contract with yourself as although thoughts and ideas change what is on paper does not.

preparation may have taken several years –market research has been done, all kinds of information has been gathered, the product or service has been thoroughly designed and only then has the written plan been formulated.

Who to contact for advice when drafting a business plan?

Mari Vavulski: Lots of useful advice is available in the internet, for example, in the business portal called Aktiva (www.aktiva.ee), as well as on the home page of Enterprise Estonia (www.eas.ee). Consultants working in county development centres also offer free advice (mak.eas.ee). Some guidelines can be found on the home page of the Unemployment Insurance Fund.



The 'Smart House' is on its way to conquer the world

The idea that first took form in the heads of two men led to the innovative 'Smart House' system for homes and buildings all over the world.

Text: Anu Jõesaar
Photo: Marko Mumm

The innovative 'Smart House' home automation system makes housekeeping extremely easy by facilitating the operation of various home appliances - from the home movie system and sauna to the heating, ventilation and alarm systems - and all while you are away from home! It also includes the possibility of adjusting the lighting, drawing the curtains, watering the lawn and feeding the pets together with the ability to respond quickly to emergency situations.

The inventors of the 'Smart House' and founders of Yoga OÜ, Priit Vimberg and Raivo Raestik, have commented on their idea by saying that it was brought about by their laziness. Their futuristic house does a lot of work for man. "The only question is whether you prefer to focus on energy saving, security or comfort or on all of these aspects," says Vimberg.

He himself has a 'smart flat'. As the system involves only one flat in a large apartment building the key word here is comfort as any energy saving effect would be considerably larger when encompassing the entire building. "I'll never again have to carry keys with me and I can keep an eye on my flat when I'm away from home. If anything should happen I am informed of it instantly," says Vimberg outlining the advantages of his 'smart flat'.

"At present, we do not have any serious competition in the world," says Vimberg. "Home automation is offered by many companies but where their automation ends, Yoga begins. Our technological solutions have been evaluated by large corporations such as Siemens and Schneider and others but they have all been

forced to admit that they cannot offer equal functionality, let alone match our prices. Their similar products are two to four times more expensive than ours." The 'Smart House' solution for flats starts from 1500 euros but for 4000 euros customers can get a high-quality comprehensive package.

Suitable for every house

The range of 'Smart House' solutions have several perspective features: they are innovative, energy saving, ready for future development and suitable for every house. At the beginning of 2009, Yoga OÜ completed the first example of the integrated solution and the next step was to make it marketable. To this end, Vimberg and Raestik applied for over 5 million kroons research and development support from Enterprise Estonia.

"Although the project ended in May 2010, we did not receive most of the support money until autumn," says Vimberg. "When applying to Enterprise Estonia, you should make sure you have the necessary amount yourself to carry on with your project. We completed our project last spring and it cost even less than we had anticipated."

Aiming at Asia and the USA

The initial version of the 'Smart House' with centrally operated entrances, lighting, air conditioning and security systems was installed for Yoga's key client, the Tammsaare Business Centre. Vimberg tells about their future plans that, apart from the European market, the company which currently employs 16 workers aims at marketing its products in the USA, United Arab Emirates and India. The Structural Funds supported this ambition with 1.5 million kroons of export marketing aid.

The possibilities offered by the 250 square meter 'smart house' are described by a visitor, Viljar Kaarde: "It is really the house of the future offering energy saving possibilities as well as comfort. The operation of the entire building is literally brought to your TV by the couch.

“ We realised that we were taking quite a risk by selecting Yoga OÜ for such a large real estate development as the Tammsaare Business Centre. But today we are really happy about our rather bold decision at the time.

Priit Uustulnd,
Kaamos Kinnisvara OÜ

Project name: Yoga Intelligent Building or the 'Smart House'
Amount of support: 340 541 EUR for research and development and 96 507 EUR for export marketing
Project was supported by the European Regional Development Fund
2nd level intermediate body: Enterprise Estonia (www.eas.ee)

Laying the foundation for the future internet

Ten years ago we did not even dream of buying bus tickets, sending our friends photos or voting at elections over the internet - and without even leaving home. Today all this is reality and we can only imagine what possibilities the internet will bring with it in the future.

Text: Victoria Parmas, Glen Pilvre

Photo: ELASA archive

New solutions and services, however, need ever faster internet connections and this is why the construction of a new high speed internet network is now underway in Estonia. The project is called EstWin.

"EstWin is a project which is laying the foundation for the future internet, enabling high-speed internet connections all over Estonia," according to Aivo Lepp, a specialist in the Department of State Information Systems of the Ministry of Economic Affairs and Communications. "Although today you can read newspapers or send e-mails with your computer in almost every part of the country, internet speed in rural areas is far too slow for the future solutions we have in mind."

Eyes on the future

If you have a high speed internet connection you can today communicate face to face with people thousands of kilometres away. This same system could be used, for example, in education.

"If pupils are not able to be physically present in the classroom they could attend classes and lectures over the internet by simply turning on their computer. And what's more, teachers would be able to test the pupils at home orally. High speed internet would also enable a student to 'attend' lectures in a neighbouring county or even at Oxford University via video conferences," says Lepp describing the future envisaged for the internet.

High speed internet connections will also create new working opportunities. Most of the inhabitants of the Outer Hebrides in Scotland, for example, work for companies in the USA, India and other countries without leaving their home island. All the documents they need are accessible via the internet and meetings are held via video conferences. People living in remote parts of Estonia will soon have the same opportunity - all they will need is a high speed internet connection. Lepp says that



The construction of a broadband connection network was commenced on August 23, 2010 at Ambla in Järvamaa County and by the end of the year 400 km. of cable will be laid.

high speed internet is also beneficial for farmers as web cameras enable them to keep an eye on their livestock.

New technological solutions might even enable people to consult their doctor via the TV screen. When running a high fever all you would have to do is switch on the TV, sit back with a hot cup of tea and talk to your GP - face to face. In theory, even surgical operations can be performed from long distance via an internet link in new procedures currently known as remote robotic surgery.

"One cannot of course guarantee that all the solutions mentioned will be put into practise but the fact is that these, as well as many other possibilities, will become possible with the new high speed internet connections which will be accessible in every part of Estonia," says Lepp, who adds: "New e-services do not only mean making bureaucratic procedures more pleasant but can also reduce transport costs,

cause less pollution and allow you more time to be with your family and friends."

EstWin

The EstWin project is being implemented by the Estonian Broadband Development Foundation (ELASA) and is partly financed by European Structural Funds. According to the director of the foundation, Olav Harjo, a network of fibre optic cables will be developed that will meet our needs for decades to come. "In the first stage of the project 2,000 kilometres (km) of fibre optic cables will be installed. By 2015, the total length of the network will amount to 6,000 km. with more than 1,400 connection points. The project will cost 1.5 billion kroons," says Harjo.

Project name: Estwin - linking rural areas with a broadband optical fibre network to establish high speed internet connections (1st stage)
Amount of support: 22 688 635 EUR
Project is supported by the European Regional Development Fund and European Agricultural Fund for Rural Development
Project initiator: Ministry of Economic Affairs and Communications (www.mkm.ee)

SWISS TRAINS CALLED STADLER FLIRT

The trains that will soon be travelling in Estonia are called Stadler FLIRT (Fast Light Innovative Regional Train). The Swiss company designed these trains in 2004 and they have turned out to be so innovative that not only Switzerland but also Germany, Hungary, Italy, Norway, Finland, Poland, and Algeria have bought them. The maximum speed of the trains is 160 km per hour. Currently they cannot reach that speed in Estonia but on the Aegviidu line it may eventually become possible during the lifetime of these trains. Irrespective of the number of carriages they will have an automatic walkway throughout the train allowing passengers and their luggage to proceed without having to stop and open or close inconvenient carriage doors.



Travelling by trains will be "IN" again

The year 2013 will be revolutionary for Estonian passenger transport. Whereas buses are gradually becoming more comfortable; as regards train travel the train operator, Elektriraudtee Ltd., is buying 18 new state of the art trains which will replace all the old rolling stock during that year.

Text: Einar Ellermaa

Photos: the manufacturer

This is a very good example of the successful use of European support as 85% of the costs of the new electric trains are covered by the European Cohesion Fund i.e. of 1,25 billion Estonian kroons that will be spent on these trains over 1 billion will be covered by European funds.

Elektriraudtee Ltd. is planning to buy six four-carriage and twelve three-carriage trains that will operate on the lines between Tallinn Baltic Station and Aegviidu, and via Keila to Paldiski and Kloogaranna or Riisipere.

The new trains will boost passenger comfort up to the highest European level as the new trains will offer air conditioning, special access for disabled people, a wireless internet connection throughout the train and automatic ticket machines. The Estonian train stock will thus be one of the most modern in Europe as it will replace all the current electric trains originating from the period between 1970 and 1980.

Elektriraudtee Ltd. organized a public tender for the supply of the new trains and, as a result, bids were received from

the Swiss company, Stadler Bussnang AG, and the Spanish company, Construcciones y Auxiliar de Ferrocarriles S.A.

15 criteria were used in comparing these companies including the overall costs of buying the new trains, the maintenance and repairs costs, the costs of running these trains including the overall rolling stock and maintenance equipment energy costs, the anticipated noise level and the delivery period. Stadler's offer turned out to be better as regards both the purchase price and the overall operational costs.

The first train will arrive in Estonia at the end of 2012 and testing will start at the beginning of 2013 on the line between Tallinn and Keila. All 18 trains are due to arrive in Estonia by the end of 2013. In the same year Estonia will, in addition to electric trains, commission new diesel trains.

In order to ensure the maximum comfort of passengers who will use these new trains reconstruction works on the relevant railway stations and particularly the platforms have already begun to ensure that platform levels are closely parallel with the base of the train doors so as to allow for a more comfortable and safer entrance to and exit from the train than is currently the case.

Name of the project: New electric trains
Amount of support: 67 554 613 EUR
The project was supported by the Cohesion Fund 2nd level intermediate body: The Technical Surveillance Authority



Miiko Peris

The Head of the Transport Investment Service Of The Ministry of Economic Affairs and Communications

I believe that the new trains will substantially increase the popularity of public transport and will hopefully reduce the traffic jams on our roads. These new trains will run much more frequently than the current ones.



Eero Pärasmäe

Deputy Secretary General of the Ministry of Economic Affairs and Communications

Currently trains can only compete in quality and speed with buses but our future goal is to offer transport that is even more comfortable and faster than travelling by car

Project name: Debt advice in Narva
 Amount of support: 88 501 EUR
 Project is supported by the European Social Fund
 2nd level intermediate body: Innove Foundation (www.innove.ee)



"People come to us from all parts of Eastern Virumaa," says Eduard Petai.

Getting out of debt

The universal financial crisis manifests itself in, among other things, the decrease in employment and income and in the increase in debt. In Estonia, one of the regions suffering most from unemployment is Eastern Virumaa.

Text: Olga Pääsuke

Photo: Marko Mumm

During the last few years, a lot of people have been experiencing difficulties in repaying their bank loans, settling their bills and paying their fines. SMS loans that are easy to obtain but difficult to pay back have won great, if questionable, popularity by having become not only a source of easy money but also a source of accumulating debt. In order to help people solve their money problems the Social Services Department of Narva, in Eastern Estonia, has initiated a project called "Debt Advice in Narva". From the beginning of 2010 until the end of 2011 consultants from the Social Service Department are offering advice to both the unemployed in debt as well as to those in risk of losing their jobs because of their debts.

Helping hand to those in debt

According to the project manager, Nadezhda Dorofjeva, more than 400 people have sought their help, including unemployed persons, pensioners and sole proprietors. Consultants help people

draw up their personal budgets and advise them on how to pay their debts. Many of those who do not speak or understand Estonian find themselves in difficulty when it comes to official documents. But consultants are there to help them out as well. To people who have taken SMS loans but have not been able to pay them back they give advice on how to negotiate with the relevant companies more effectively. It is also a quite common occurrence that people failing to pay their fines find their bank accounts frozen – and not always on legal grounds. But if the person immediately seeks advice from a consultant the problem can usually be solved. Young debt consultants like Jelena Vinokurova and Eduard Petai admit that people do not always take their fines seriously and, as a result, an administrative fine is often turned over to a bailiff for collection.

"Sometimes people who find themselves in this kind of situation for the first time become confused. So we help them talk to the bailiff," says Jelena. "We also give advice in connection with frozen bank accounts and help people with the annulment of fines when the limitation period for their settlement has expired. But most

draw up their personal budgets and advise them on how to pay their debts. Many of those who do not speak or understand Estonian find themselves in difficulty when it comes to official documents. But consultants are there to help them out as well. To people who have taken SMS loans but have not been able to pay them back they give advice on how to negotiate with the relevant companies more effectively. It is also a quite common occurrence that people failing to pay their fines find their bank accounts frozen – and not always on legal grounds. But if the person immediately seeks advice from a consultant the problem can usually be solved. Young debt consultants like Jelena Vinokurova and Eduard Petai admit that people do not always take their fines seriously and, as a result, an administrative fine is often turned over to a bailiff for collection.

Eduard Petai,
a debt consultant

Presently debts resulting from SMS loans pose the biggest problems.

Since the beginning of the project our consultants have helped more than 400 people.

Nadezhda Dorofjeva,
project manager

frequently people come to us because of their debt problems - because they have failed to pay their fines, bills or a housing loan."

Dangerous SMS loans

Eduard Petai says that, although they work in Narva, people from other Eastern Virumaa towns, such as Kiviõli, Sillamäe and Kohtla-Järve, also turn to them for advice.

"Presently, debts resulting from SMS loans pose the biggest problems because interest rates are high and debts accumulate exponentially. Our task is to negotiate the best possible repayment terms for our clients," says Petai.

The "Debt advice" project lasts until the end of 2011. What will happen then?

"Within the framework of the project, we also analyse the reasons why people are unable to cope with their debts. We have created a network involving organisations dealing with debt regulation, such as banks, creditor companies, local governments as well as bailiffs and by doing this we will be able to help people more effectively in the future," says Nadezhda Dorofjeva.

The historic main building of the Rakvere Vocational School was completed in 1915. During the period from 1922 to 1932 the house accommodated the Rakvere Teachers' Seminar and, after that, the Defence Forces. After WW II it returned to being different schools premises. But since 2008 it has accommodated the Rakvere Vocational School.

Name of the project: Rakvere Vocational School practice base and premises for in-service training
Amount of support: 1 959 588 EUR
The project was supported by the European Regional Development Fund
2nd level intermediate body: Foundation Innove (www.innove.ee)

Within the framework of this project we have constructed approx. 4,500 m² of premises for practice and in-service training:

- 5 classrooms for in-service training groups each accommodating between 15 and 30 students,
- workshops for metal and wood work, each 500 m²,
- A car repair workshop approx 400 m², a laboratory of environmental engineering and a contraction laboratory,
- A training restaurant with auxiliary premises, approx. 600 m²,
- Dressing-rooms, shower rooms and toilets for 100 people.



Estonia's most modern professional school

If you are looking for skilled people then visit, phone or write to Rakvere Vocational School at 8, Piiri Street – because here is one the best vocational school in the Baltic states where approx. one thousand pairs of hands, eager to work, are trained to be specialists in more than a dozen occupations.

Text: Piret Mäeniit

Photos: Rakvere Vocational School

The variety of specialities offered by the School is wide: builders and carpenters, assembly locksmiths and welders, car technicians and computer specialists, bakers, cooks and confectioners. All the pupils in these specialities are attaining broad skills at this brand new training and practice centre. This year the entrance competition was extremely intense – the most popular specialities, such as car diagnostics, farm tourism, cookery and computers, as well as all skills linked with cars had four applications for each place.

Rakvere Vocational School is the largest vocational educational institution in Lääne-Virumaa County. Thanks to European support it has become one of the most modern educational institutions in Estonia. At the beginning of October the new catering, construction and technical

“A proper base for practice is the most important thing in a vocational school. The practice classes are also the most interesting.”

Marko Saar, student

“Nice that soon young people will be able to tell employers about things that they will never even have heard about.”

Helle Pöld, parent

specialties training base was opened. It is furnished and equipped in a manner that offers the students every modern opportunity to acquire skills necessary for their specialities.

The new workshops are equipped with modern technological appliances that are

used to prepare students to work in companies using the most up-to-date technologies. Much of the equipment is even more advanced than in some companies.

Considering the development of the school and vocational education in general a decision was made first of all to enhance the practice base for students. “This is to guarantee that our 952 students and more than 900 adult in-service trainees could practice the necessary methods of work as well as attaining theoretical knowledge,” says the Director of the School, Hannes Mets, explaining the more than 30 million kroon investment.

This autumn the Estonian Government allocated 117.8 million kroons to Rakvere Vocational School to ensure the modernisation of the training environment of the vocational education institution. With this money the School hopes to modernise the training conditions in the premises for builders, assembly locksmiths and environmental engineering locksmiths, as well as in-service training classes. It is also planned to renovate the main building of the school. “The most difficult task of all will be the renovation of the historical main building which will account for 54 million kroons,” admits the Director.

E-learning - means flexible education

"Nowadays, the benefits of e-learning should be as self-evident as those of e-banking," says Enn Õunapuu, a senior researcher in the Faculty of Information Technology at Tallinn Technical University. His views are shared by the Republic of Estonia and developers of EU development programmes.

Text: Erik Aru

Photo: Tallinn Technical University

Along with the more large scale application of e-solutions, the learning process will become more flexible, exciting and accessible for studious Estonians as well as those in other countries. Therefore Estonia has started to support, with the help of the European Social Fund, the development of an e-learning environment. To that end, two programmes have been launched – the BeSt programme for the development of e-learning in higher education institutions and the VANKer programme for the development of e-learning in vocational education institutions.

"Our goal is to make e-learning an integrated part of the learning process," says the Head of the Estonian e-Learning Development Centre, Ene Koitla, while Enn Õunapuu adds: "No one makes a fuss about e-banking any more because it is taken for granted that most banking operations are now possible to perform online. The same principle should apply for education."

Interactive lectures

The ultimate goal that e-learning developers strive for is to make some of the courses entirely web based. Every educational institution has general subjects where, although the contents change very little over time, the lecturers still have to repeat the same lectures year in and year out. It would be much easier to record the lectures on video and make them available for students online. This way students would only have to come to the university a couple of times during the semester to take exams.

Online lectures could also be interactive allowing students to pose questions directly to lecturers. "This will allow lecturers to focus on more important matters when working with students," says Õunapuu, who is of the opinion that

“Our goal is to make e-learning an integrated part of the learning process.”

Ene Koitla, Head of the Estonian e-Learning Development Centre

For more information on the programmes see:

BeSt: <http://portaal.e-uni.ee/best>

VANKer: <http://portaal.e-uni.ee/vanker>

a total transition to e-learning would not be desirable as "personal contact with the students must remain,"

Licenses and educational materials free of charge

One of the projects the e-Learning Development Centre is presently engaged in is the translation of Creative Commons licenses into Estonian (www.creativecommons.ee) and their judicial adjustment to comply with Estonian legislation.

Creative Commons is a non-profit organisation based in San Francisco - the goal of which is to increase the range of creative works people can use in their studies. To that end Creative Commons draws up copyright licenses on the basis of which authors allow their works to be made public.

Another project concerns the creation of a library of educational materials which is accessible and free of charge – a repository www.e-ope.ee/repositoorium – and that retains, in addition to electronic files,

the metadata describing the content of the files. This allows for an easier search of the files and provides authors with the possibility of giving more detailed directions on the use of these files.

Flexible learning

"Learning should be more flexible in vocational schools as well as in universities; and e-learning creates a lot of possibilities to that end," says Koitla. "E-solutions would enable Estonian universities to accept more foreign students."

Programme name: Development of e-learning in vocational education
Amount of support: 2 190 879 EUR
Programme name: Best
Amount of support: 7 167 484 EUR
Programmes supported by the European Social Fund
2nd level intermediate body: Archimedes Foundation (www.archimedes.ee) and Innove Foundation (www.innove.ee)

CAREER INFORMATION SPECIALISTS' RECOMMENDATIONS FOR PEOPLE LOOKING FOR A JOB:

- When you apply for a job, you should write a separate letter of application based on the specific job offer. The same CV, however, may be used for several applications.
- Employers discard CVs that are incorrect, full of grammar mistakes or that have nothing to say.
- It is good to add in your CV one or two positive references you have received from previous employers but make sure you get their consent first.
- When writing your letter of application always keep the advertisement at hand for reference. Before a job interview remember to read the advertisement once or twice more.
- Make sure there are no pictures or information about you on the Internet that might compromise you. New employees are often chosen on the basis of their suitability 'to fit in with' the rest of the staff.
- Make sure your e-mail address is not too 'silly or suggestive', especially when you apply for a management type of job where you will have subordinates.
- It is not advisable to mention your salary request in the letter of application or during the job interview unless you are asked and then give a certain salary range. Remember that employers are not interested in your bank loans or the kindergarten fees you have to pay.
- Try to find out beforehand what the salary is for a similar job in the same region.

Workshop for persons seeking job

Career information centres which offer job seekers advice on searching for work have now been in action at regional offices of the Estonian Unemployment Insurance Fund for almost a year.

Text: Anneli Ammas

Photo: Marko Mumm

In sunny Pärnu, four middle aged men and women and a young man are sitting opposite an adviser at the career information workshop. The atmosphere is relaxed. The leader of the workshop, Terje Jürivete, says "this is usually the case because people coming here are positive and hopeful – although sometimes they become emotional too."

"Have you had a chance to look for job ads on the Internet?" asks Terje, who herself was unemployed some ten years ago after a long period spent raising her children. She has been advising others for years on how to introduce yourself confidently to the employer by sending this simple message: I am your best choice.

The successful job seeker is the one who is active every single day and never misses an opportunity to find work.

One of the men, a bright eyed, life long construction worker, says that he had

searched the Internet in vain for job ads and recounts that "the misfortune of becoming unemployed happened to me for the first time – the company went bankrupt", but he cheerfully adds "Oh well, it was not a misfortune. In fact it was actually quite nice to take time off for myself for a change, take long walks in the woods and reflect on life." He has been unemployed for a month now. As he has been good at creative writing since his school-days, he is confident that preparing a CV and a letter of application are no obstacles for him. And after two and a half hours of talking and listening he has built up enough courage to add a moderate amount of self-praise in his CV.

Reasoned self-praise

"If you do not say that you can do the job well who else is going to say it for you?" says Terje, encouraging her audience. Women are still apprehensive: Would it be appropriate to praise myself? But the counsellor reassures them by saying that employers have no trouble recognising

excessive and unfounded self-praise. "You may write it down or give more details about what your colleagues have said about your skills at the interview," says Terje, by way of example.

After the confident construction worker there is another unemployed construction worker who is rather tongue-tied and appears to be much more worried and concerned. He has been unemployed for two months and still cannot come to terms with the fact that he, as an experienced worker, should be laid off.

The counsellor emphasises that a job seeker should avoid single word answers. "If you are asked, for example, whether you speak English, do not simply answer simply 'no' but add that you speak Russian instead." She also says that construction workers tend to find work easier when, in addition to their general skills, they have some special skill that is hard to come by in the labour market.

Terje also says that it is wise to spend your unemployment time improving your skills and knowledge. One of the women who has been unemployed several times and only found work in summer, like many in Pärnu, enumerates a long list of courses she has attended and the many jobs she has had. "I know what I would like to do

The career information specialist at the Pärnu Unemployment Insurance Fund: "My job is to encourage people."

A serious thought from the unemployment workshop in Pärnu:

☹️ **Eventually the thick hide of an unemployed person wears thin.**

but in these economically difficult times it takes much more time to reach your goal."

It is the task of the career counsellor to motivate people who have lost their job and help them find new goals as well as jobs. "It is much more difficult with people whose self-esteem does not correspond to their actual skills and abilities," says counsellor Terje.

'Visible' and 'invisible' offers

Together the group goes through all the possibilities as to where and how to find work. "There was this woman who, whilst on her way here to write a CV, saw from the bus window an advertisement for a job she had been waiting for," relates Terje, describing a lucky chance that she says should be looked for while not forgetting the more traditional channels for job seeking.

Terje tells her audience about both publicly advertised 'visible' job vacancies and others of a more personal 'invisible' kind: "It is also very important to look out for those 'invisible' ones - those that you hear about only through friends and acquaintances. And when you talk to your friends about your job hunting, do not merely say that you are looking for a job but tell them what the specific work is that you are interested in. You never know!"

From defeatism to optimism

The workshop comes to the point where everyone is supposed to write out his or her CV. The young man who has been tongue tied and worried for most of the time only starts to write something down when the counsellor personally asks him to. But then, after having sat there for an hour, he suddenly stands up and leaves the room leaving his information material and unfinished CV on the chair.

The rest of the group continue with their lively discussion. "You can read about these things in the Internet or watch orientation movies but here they explain it more thoroughly," says the talkative construction worker at the end of the workshop and, recalling his job as a window installer where he had to communicate with different people, adds: "Social skills are also very important." Terje nods approvingly and reminds the group not to forget to mention their communication skills either in their CV, letter of application or during the job interview.

The unemployed can participate in a workshop only once but the Unemployment Insurance Fund offers group counselling where people convene regularly, the main purpose of which is one-to-one personal analysis.

During 2010, the career information points of the Estonian Unemployment Insurance Fund are receiving support in the amount of 2,106,190 kroons within the framework of the "Increasing the qualified labour supply for 2007-2013" programme. Between 2007-2009, the support amounted to 345,573 kroons. Career information centres operate in every Estonian county.

In the career information centres funded by the European Social Fund people looking for work can use a:

- computer for drawing up their CVs,
- looking for job offers,
- sending applications, etc.



Kadri Korjas, Chief Specialist at the Estonian Unemployment Insurance Fund

The investment in the career information points made by the European Social Fund has considerably improved the possibilities and skills of the unemployed in their search for work.

Bankruptcy comes ringing a warning bell

Between the years 2000 and 2009 approx. 5,000 businesses in Estonia went into bankruptcy. Recent research funded by the European Social Fund, trying to find the reasons for this, suggests that the common denominators were mistakes by management and the long-term operation of businesses at a loss.

Text: Anu Jõesaar

Photos: Lauri Kulpsoo, Tiit Koha

Project name: Analysis of the reasons for bankruptcy
Amount of support:
14 374 EUR
Project was supported by the European Social Fund
2nd level intermediate body: State Chancellery
(www.avalikteenistus.ee)

Economist Oliver Lukason: "The most frequently leaves the investor with empty pockets, 40 000 kroons a share capital of a small company."

The main aim of the research was to establish common denominators characteristic of the economic indicators of businesses going bankrupt in Estonia. Once we know what these common denominators are then future work on legislation concerning insolvency prevention can be placed on a much stronger and scientific basis. Also, however, this kind of information is of great value to business operators as it should warn them to be aware and to pay due attention to certain critical indicators.

Indrek Niklus,
Director of the Private Law
Division of the Ministry of
Justice of Estonia



In this research, lawyers and economists analysed the reasons for bankruptcy among Estonian businesses by comparing judicial decisions with the companies' annual reports as forwarded to the commercial register.

Almost half of the businesses scrutinised concluded their operations by declaring bankruptcy (Bankruptcy Act § 31), while the other half ended their business with an abatement of the bankruptcy proceedings, without declaring bankruptcy (Bankruptcy Act § 29), which means that the debtor's assets were insufficient to cover the costs of the bankruptcy proceedings. It should also be mentioned that the number of businesses without assets by the time of their bankruptcy proceedings increased year by year.

Alarm bells were ringing

According to one of the researchers, economist Oliver Lukason, there were many reasons contributing to these bankruptcies but most of them involved the reoccurrence of several factors.

"In fact, the majority of reasons for bankruptcy underlined in judicial decisions should have been foreseen by competent and proper management. For example, changing consumer habits and increasing competition which were cited most frequently do not crop up overnight," says Lukason. "Members of the board had also failed to file their bankruptcy petitions in a timely manner and this caused their creditors additional losses. Judicial decisions also revealed that accounting records were often missing and that bankruptcies were preceded by acts involving criminal activities, such as embezzlement."

Alarm bells may also have been ringing for many years before the actual bank-

ruptcy. As the research also showed that, in the case of approx. two companies out of three, the net assets during the year preceding the bankruptcy did not correspond to the requirements of the Commercial Code, i.e. the assets were smaller than the obligations – and this situation had grown worse over time.

Oliver Lukason: "Although the nonconformity of the net asset requirements to the legal necessities does not automatically mean bankruptcy, the active search for additional equity capital and the reorganisation of company activities should at least have been considered. It is no good relying on the hope that the situation will improve just by itself."

Lack of knowledge

It was also characteristic in these situations for the return on sales to decrease before the bankruptcy and for the business costs to increase. There were also many businesses which had operated for a certain period without any return on sales. Another common feature of these insolvent businesses was their "habit" of not submitting annual reports to the commercial register.

"The average bankrupt business in Estonia is typically a small private limited company with a share capital of about 40 000 kroons. In most cases the capital employed by the owners was not sufficient as is borne out by judicial decisions which frequently refer to both insufficient share capital and a lack of additional funding as reasons for the bankruptcy. Both of these reasons indicate that business plans had not been thoroughly thought through," says Lukason. Judicial decisions also discovered that there were deficient business plans and a lack of business knowledge.

From a stove heated dwelling house into cosmos

“I do not have a favourite corner here,” admits Tiina Suvi, the deputy director of basic education at Ardu School, making a tour of the new kindergarten. “I am so happy with all of it.”

Text: Krista Dudarenko-Link

Photos: Priit Grepp

Last autumn was exceptional for Ardu village, in the centre of Estonia, as the dream of many decades had at last come true – the local kindergarten that had been accommodated in a stove heated dwelling house for many years finally moved into a new building. The tiny premises, which were supposed to temporarily solve the problem of children’s day care, had been the second home for local toddlers for 40 years.

Events like this happen once in a hundred years

“When I first started work in Ardu Kindergarten nine summers ago I burst into tears on entering the children’s dressing room – as I was standing between dark coloured wardrobes lined up in the gloomy and cold cellar of a stove heated dwelling house,” recalls Tiina, “and the impression was made even worse by the fact that I had just left the posh kindergarten of a rich collective farm in Väätsa which had a swimming pool and frescoes on the walls”

She recalls, however, that the situation changed somewhat when the children and teachers returned from their summer holiday as “the kindergarten, that occupied four apartments, appeared to be more sweet and homely helped perhaps by the fact that the energetic director had installed new windows and entrance doors”.

She decided to visit Andres Õis, who was then the mayor of Kõue rural municipality, to discuss the possibility of either buying the apartments used by the kindergarten and renovate them properly or to build a totally new house. Although in previous years the plans for building a new house had failed the director of the kindergarten and the mayor decided to try once more.

“Andres contacted every possible source of help,” says Tiina characterising the actions of the open-minded and forceful mayor. “I have never done anything more utopian than working on this project,” she adds. “In 2007, when other people were

Now and then the kindergarten leaves a cosmic impression – large concrete circles standing by the entrance, the square shaped layout of the house and several triangular windows.

Tiina Suvi, manager

sitting around the Christmas table, Andres and I were looking at various costs and prices ... My kindergarten had to be, first of all, a practical place. Many kudos to Tiit Tomiste for listening and taking into account the wishes of a simple kindergarten teacher! The interior decoration was done by Teele Nõps whose work resulted in a colour scheme that satisfied everyone. Paide MEK company won the public procurement tender because of its high quality building work. The finishing touches were added by the employees of the kindergarten who offered their help even at weekends.”

The opening of a new kindergarten was the event of the century for small Ardu village – as it was the only kindergarten of its kind in Estonia. The paint used for the walls and ceilings, as well as the floor materials, are as allergy-free as possible.

Circles, squares and rectangles

“Sometimes the building leaves an out-of-space impression with its elaborate details and high quality construction,” says Tiina. This effect is enhanced by the use of geometrical figures in the interior decoration of the building: large concrete circles by the entrance, the square shaped layout of the house and several triangular windows. Well chosen discreet colour tones help to relieve the tiring diversity of colours. The house is in the close vicinity of several hiking tracks making it easy to take short walks with the children.

“If such a small settlement as Ardu did not have a kindergarten and a school the village would not exist,” says Tiina.



Name of the project: the construction and furnishing of the Kindergarten of Ardu School and the construction of its playground and sports field
 Amount of support: 1 482 011 EUR
 The project was supported by the European Regional Development Fund
 2nd level intermediate body: Ministry of the Interior
 (www.siseministeerium.ee)
 Implementing agency: Enterprise Estonia (www.eas.ee)

- The establishment of 8 new monitoring stations on the Estonian coast and the replacement of out-of-date equipment in the existing stations. The data sent from monitoring stations will be available in real time on the home page of EMHI: www.emhi.ee
- Collection of data from small islands such as Osmussaare and Vaindloo.
- The modernisation of the meteorology and hydrology network that was started in 2000 will be completed: 11 modern ceilometers, 18 rain-gauges, 5 snow depth measurement sensors, 3 UV radiation meters, 3 sunshine duration sensors, a water colour spectrometer and electron thermometer for the observation of the Lake Peipus water area, 36 marsh water level divers.
- The construction of a unique marsh hydrological monitoring network.
- Modernisation of the equipment for monitoring the Lake Peipus water area.
- By the end of the project in 2013 Estonia will have a world standard environmental monitoring network useful both to scientists as well as the general population.

Name of the project: Modernisation of hydrometric, meteorological and coastal monitoring network for improving the capacity of environmental monitoring
 Amount of support: 1 661 703 EUR
 The project was supported by the European Regional Development Fund
 2nd level intermediate body: Environmental Investment Centre (www.kik.ee)

Observing the temper of the sea

Most Estonians still remember the January storm of 2005 which caused flooding in many parts of the country. However the impact of this sort of crisis situation can be lessened by coastal monitoring stations – as the earlier a calamity can be forecast the more defensive measures can be taken and the less the overall damage will be.

Text: Ylle Rajasaar
 Photo: Marko Usler

With the help of 26 million kroons granted by the European Regional Development Fund the Estonian Meteorological and Hydrological Institute (EMHI) is going to install 8 new monitoring stations on the Estonian coast and replace out-of-date equipment in the existing stations.

"If, for example, the Sõrve station registers a dangerous rise in the water level in the Gulf of Riga it can immediately alert Pärnu city. EMHI also sends the alert to the Rescue Board who will inform local people," says Mari Sepp, the head of the Hydrology Department of EMHI. So far coastal monitoring i.e. the surveillance of the level of sea water, has been carried out with the help of pickets. Modern monitoring centres feed computer systems automatically with new information every hour.

The health of rivers and marshes

There are 51 hydrometer stations on Estonian rivers. In addition to the flow rate these stations also measure the water level, temperature, vegetation in summer and ice cover in winter and inform about high-water levels.

"By the end of this year," promises Mari Sepp, "a picket shaped mast with an information board will be installed on the embankment of River Emajõgi. It will give real time information about the water level and the water and air temperature."

Thanks to European support EMHI, in addition to automated hydrometer stations, now also has portable measuring stations that can be taken to a river, get a reading and then send it automatically to the main system. The data gathered in this manner is monitored by officials of Eurostat and scientists. This sort of hydrological analysis is also needed by engineers before

they start to design bridges or any other structures on rivers.

Within the framework of the project a unique hydrological monitoring network will be installed in marshlands. The system will enable the collection of data that will be analysed later in order to learn about the role of wetlands in ensuring the purity of ground water and coastal waters and, also, how these areas can bind pollutants. It also helps to assess the role of marshes in greenhouse gas emissions.

More precise and immediate weather forecasts

"This project will make our weather forecasts faster and more precise," says Jaanika Lilienberg, the project coordinator of the Environmental Investment Centre. Monitoring of meteorological events and weather conditions also helps to better understand climate change.

How to measure clouds?

EMHI measures the height of clouds with equipment that originates from two different eras. The older type of measuring device is a box that looks like a beehive that is connected to a smaller box inside the monitoring station. The observer guides the ray, that measures the height of a cloud, from the switchboard connected to the box inside the station.

The calculation of readings is based

on the time the light impulse takes to reach the edge of the cloud and back. This sort of measuring takes place every three hours.

Automatic stations are equipped with ceilometers that measure the height of clouds automatically four times a minute and transfer the measurement information to a server every hour. This device sends up a laser ray that reflects back from a cloud.

The height of clouds is calculated on the basis of the time the ray takes to reach the layer of clouds and return: if the cloud is thin, then part of the ray passes it by and some of it reflects back; the ray that passes the first layer will reflect back from the next layer, etc. Ceilometers also determine cloud volume on the basis of the information attained during the measurement of the height of clouds.

Second life for an apartment building

We all wish to live in a house that is comfortable, offers us a sense of security and is economical and energy efficient. Recent studies carried out by scientists from Tallinn Technical University show that the large majority of buildings in Estonia have reached, or are reaching, the end of their lifespan. Is there a remedy for this? Yes, there is and there is a very good example of it at the apartment building at Jahu St 10, in Kalamaja, Tallinn.

Text: Tormi Soorsk
Photo: Marko Mumm

Among Tallinners, the Kalamaja district is a highly favoured location. The apartment building at Jahu St 10, which is home for forty families, has many virtues. Built in 1953, it has thick walls that keep the bad weather out and the rooms with their high ceilings are airy and light. The basement, originally designed as a bomb shelter, also offers additional possibilities.

But time has done its work and a few years ago the house had fallen into a very run down state: plaster had fallen off the walls and rainwater and melting snow were trickling into the basement which was as cold as ice. The ceiling, which was not insulated, was allowing a lot of warm air to escape out into the air. The iron staircase doors in the front closed with a bang, while the wooden doors in the back had cracks that let the snow get in and the ventilation ducts had no right to bear that name.

But what concerned the inhabitants most was the totally out-of-date heating system: people living on the fourth floor had to open their windows even in winter to let the excess heat out; while on the first floor people had to wear thick cardigans to keep warm and were paying for heating that never reached them.

People grabbed the bull by the horns

Although the inhabitants saw very well what was going on with their house when forty people must reach a decision it is not easy. So a couple of years went by and people were still discussing the matter. According to the chairman of the apartment association at the time, Indrek Sinisaar, the situation was made more complicated by the fact that the building had already received a loan – in 2005 a new roof was fitted, new windows were installed and cold water pipes were

exchanged for new ones. And it is not an easy task to get another loan when the old one is still not paid for.

But when the price for heating went up again the inhabitants decided that they had had enough. “Why keep on paying to the heating company? We thought we would be better off by paying off the loan and saving money through energy conservation,” says Indrek Sinisaar. According to the energy audit the energy efficiency level of the house was F or practically non-existent.

In May 2009, the Credit and Export Guarantee Fund, KredEx offered apartment associations long-term loans (for 20 years) with fixed interest for renovation works; and at the general meeting held the same month the decision was unanimous: let’s go for it!

An inhabitant on the first floor recalls: “We had this constant problem with our flat that it was never warm enough – the floors were cold and the radiators were never much more than lukewarm. Thanks to the renovation works we can now enjoy living in a warm flat.”

An inhabitant on the fourth floor says: “Our flat used to be very warm, and especially one room where we even had to cover the radiator with a blanket to enable us to breathe easily. But now we are able to adjust the radiators to a suitable temperature which has contributed to our quality of life considerably.”

The attic, as well as the heating pipes, was insulated and now heat reaches the flats with practically no loss at all and, because everyone can now adjust their heat level, overall energy consumption has been reduced.

Second coming

Many apartment associations are afraid of the loan applying process as it is

Project name: Renovation loan for apartment associations
Amount of support: 117 799 EUR
Project was supported by the European Regional Development Fund
2nd level intermediate body: The Credit and Export Guarantee Fund KredEx

“Last winter put the renovated building to the test - and it passed with flying colours! According to an energy audit done on the house it should now consume 46 percent less energy than before,” says Liina Savolainen a member of the apartment association.

supposedly full of red tape. But in fact, we found everything to be effortless. SEB bank quickly dealt with KredEx itself, a contractor was easily found and the renovation works, which only started in July 2009, were completed in October of the same year.

“SEB granted us a loan of 325 059 kroons (with an interest rate of 3,6% + 6 months Euribor), with a 15-year repayment period and from KredEx we received 1 841 998 kroons (with a fixed interest rate of 4,5%) for 20 years. Our own essential contribution of 134 008 kroons came from the repair fund and helped us refinance the previous loan taken from Swedbank,” says the present chairman of the board, Liina Savolainen.

The renovation loan made it possible to rebuild the heating system, renovate the staircases and facade, clean up and renovate the ventilation ducts, install new doors and insulate the pipes in the basement as well as the attic. Last winter’s extremely cold and snowy weather really put the renovated building to the test - and it passed with flying colours!

“We are very content,” says Liina Savolainen. “According to the energy audit we now save 46 per cent on our energy costs.”

Project name: BRISK, sub-regional risk of spilling oil and hazardous substances in the Baltic Sea
 Amount of support: total budget is around 3.3 million, with approximately EUR 2.5 million to be allocated from the European Regional Development Fund
 In Estonia, the project is co-ordinated by the Ministry of Internal Affairs (project website: <http://eu.baltic.net>)

The sea is our common concern

More than one thousand 80,000 ton tankers carrying a total of over 100 million tons of crude oil sail through the Gulf of Finland, passing the Estonian coast, each year. If an accident should happen, what are the capabilities to deal with it?

Text and photos: Madli Vitismann

If one of the tankers should have a major accident none of the countries bordering on the Baltic Sea has the necessary capabilities to fight the pollution and, therefore, intergovernmental co-operation between countries is essential. The health of the Baltic Sea is being continually monitored by the Helsinki Commission or Helcom which last year launched the BRISK-project in order to have a better understanding, both of the existing capabilities and of the necessary measures which are still lacking.

The full name of the project is "Sub-regional risk of spill of oil and hazardous substances in the Baltic Sea."

Co-operation project of nine countries

The main task of the BRISK-project is to evaluate the risks threatening the Baltic Sea, establish the capabilities of the Baltic Sea countries to tackle pollution and strengthen activities aimed at avoiding

emergency situations at sea and on the mainland.

The total cost of the project is 3.5 million euros, with 2.5 million euros (39.9 million kroons) coming from the European Regional Development Fund. The project is being led by the Danish Navy which this year celebrates its 500th anniversary.

BRISK-project partners include institutions and organisations from all the Baltic Sea countries involved in pollution control. In Estonia, the relevant institution is the pollution control unit of the Police and Border Guard Board. The Head of the unit, Mart Käbin, says that they obtain estimates and surveys from the Estonian Maritime Academy and the Environmental Inspectorate.

The BRISK budget is allocated between the participating countries and Estonia's share is 1.45 million kroons covering labour and travel costs. So far Estonia has presented the Danish Navy with data concerning vessel traffic frequency prepared by the Estonian Maritime Administration and data on the vulnerable zones

within Estonian jurisdiction as prepared by the Ministry of the Environment. Estonia has a co-operation agreement with Finland and there is a pending agreement with Russia.

Risk assessment and preparedness

The BRISK-project will be implemented for another year and at the end of the project all the participants will have a risk assessment analysis concerning the entire Baltic Sea for guidance in their future actions. With the aim of meeting the Helcom requirements Estonia will have a new pollution control ship by the summer of 2012 with the help of the European Regional Development Fund. Baltic Sea countries are supported by the European Maritime Safety Agency which rents out ships suitable for pollution control, such as the ice breaker, "Kontio", which is equipped with pollution control equipment and is stationed in Helsinki in the summer and in Oulu in the winter. The cheapest way of fighting pollution, however, is to avoid accidents.

Every year Helcom organises the Balex Delta international pollution control exercise. In spite of harsh weather, the Finnish pollution control ship, 'Halli', has demonstrated the use of skimmers in Estonian territorial waters.



The EU **Baltic Sea Strategy** includes 15 policy areas of which the 13th and 15th aim at making the Baltic Sea region safer. The **BRISK**-project helps to fulfil the aim of the 14th policy area - to strengthen actions aimed at avoiding emergency situations at sea and on the mainland.



Ülo Kikas,
Port Captain of the
Port of Muuga

Almost a quarter of all the ships sailing in the Baltic Sea are oil tankers. In 2009, the number of ship visits to the Port of Muuga was 2,115, including 541 by tankers which means almost two tankers a day. In the framework of port inspections, tankers are checked every six months. If anything should happen in the port area, we have a pollution control scheme in place as well as ships and equipment to deal with it.

Scientists are working towards minimising pollution in the Baltic Sea as a whole, trying to find, for example, optimal shipping routes. To that end we need not only cross-border, but also cross-sector, co-operation.



Tarmo Soomere
Academician

COUNTY DEVELOPMENT CENTRES

County Development Centres help to prepare projects and answer any questions concerning EU Structural Assistance. Thus, when planning to apply for European support it is best to contact a County Development Centre to ask for initial advice. These centres assist new start-ups as well as operating companies, non-profit associations, foundations and local authorities. County Development Centres also help to attract investors and, through that, they create jobs and improve the quality of life within the county.

COUNTY DEVELOPMENT CENTRES CONTACTS

Harju County

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Ida-Viru County

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Järva County

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Võru County

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2ND LEVEL INTERMEDIATE BODIES

Area	2nd Level Intermediate Bodies
ENTERPRISE	<p>Enterprise Estonia Tel 627 9700 info@eas.ee www.eas.ee</p> <p>Credit and Export Guarantee Fund KredEx Tel 6674 100 kredex@kredex.ee www.kredex.ee</p>
RESEARCH AND DEVELOPMENT	<p>Archimedes Foundation Tel 730 0390 info@archimedes.ee www.archimedes.ee</p> <p>Enterprise Estonia Tel 627 9700 info@eas.ee www.eas.ee</p>
INFORMATION SOCIETY	<p>Estonian Informatics Centre Tel 663 0200 ria@ria.ee www.ria.ee/struktuuritoetused</p>
TRANSPORT	<p>Road Administration Tel 611 9300 info@mnt.ee www.mnt.ee</p> <p>Maritime Administration Tel 620 5500 eva@vta.ee www.vta.ee</p> <p>Technical Surveillance Authority Tel 667 2000 info@tja.ee www.tja.ee</p> <p>Tallinn Airport Tel 605 8701 www.tallinn-airport.ee</p>
HEALTH AND SOCIAL WORK	<p>Ministry of Social Affairs Tel 626 9301 info@sm.ee www.sm.ee</p>
EDUCATION	<p>Innove Foundation Tel 699 8078 struktuurifondid@innove.ee www.innove.ee</p> <p>Environmental Investment Centre Tel 627 4171 info@kik.ee www.kik.ee</p> <p>Archimedes Foundation Tel 730 0390 info@archimedes.ee www.archimedes.ee</p>
EMPLOYMENT	<p>Innove Foundation Tel 699 8078 struktuurifondid@innove.ee www.innove.ee</p>
ADMINISTRATIVE CAPACITY	<p>State Chancellery Tel 693 5469 haldusmeede@riigikantselei.ee www.avalikteenistus.ee/haldusmeede</p> <p>Enterprise Estonia Tel 627 9700 info@eas.ee www.eas.ee</p>
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ENVIRONMENTAL PROTECTION	<p>Environmental Investment Centre Tel 627 4171 info@kik.ee www.kik.ee</p>
ENERGY SECTOR	<p>Environmental Investment Centre Tel 627 4171 info@kik.ee www.kik.ee</p> <p>Credit and Export Guarantee Fund KredEx Tel 6674 100 kredex@kredex.ee www.kredex.ee</p>

2nd level intermediate bodies accept project applications, advise applicants and make grant decisions.



Last summer, during the period from 1 July to 26 August, the Ministry of Finance, the Ministry of Economic Affairs and Communications, the Ministry of the Environment and the Ministry of Education and Science organised the publicity campaign "European support to Estonia" introducing the European Union Structural Assistance. The campaign draw the attention of to the European support logo, encourage people to make photographs of themselves beside it and upload their pictures on the homepage of the campaign. During the period of two months 348 participants uploaded 2,229 pictures. We added a selection of them on that page.