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Government of the Republic of Estonia
Ministry of Agriculture

ESTONIAN RURAL DEVELOPMENT PLAN 2004–2006

SUMMARY

Tallinn 2005

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1 INTRODUCTION

The Estonian Rural Development Plan 2004–2006 (hereinafter ERDP) covers the period from 1 March 2004 to the end of 2006. The ERDP was prepared to support the regionally balanced development of rural areas via the European Union (hereinafter EU) Common Agricultural Policy measures.

The Common Agricultural Policy is financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and co-financed from the state budget of Estonia. The EU Council Regulation (EC) No 1257/1999 (hereinafter Regulation 1257) as last amended by the EU Council Regulation (EC) No 1783/2003 sets out a common legal framework for rural development support applicable throughout the EU. Title II of Regulation 1257 specifies the rural development measures, their objectives, and the eligibility criteria.

The EU Structural Funds have been available to the Republic of Estonia (hereinafter Estonia) in the form of the SAPARD programme (Special Accession Programme for Agriculture and Rural Development for Central and East European countries) since 2001 under the SAPARD financing agreement between the Commission of the European Communities and the Republic of Estonia.

The rural development measures financed from the EAGGF Guarantee Section that Estonia plans to implement are the following:

- support for less-favoured areas;
- agri-environmental support;
- support for afforestation of agricultural land;
- support for semi-subsistence farms undergoing restructuring;
- support for meeting standards;
- additional direct aid payments;
- technical assistance (supportive measure).

The present document describes the current situation in the rural areas of Estonia and the rural development strategy and the measures arising from it.

2 MEMBER STATE AND ADMINISTRATIVE AREA

The Republic of Estonia is located between the 57th and 60th latitudes and the 22nd and 28th longitudes. Estonia shares a common sea and land border with the Republic of Latvia and the Russian Federation (the latter will become the border of the EU) and a sea border with the Republic of Finland and the Kingdom of Sweden. Estonia stretches 240 km from north to south and 350 km from east to west.

The total area of Estonia is 45,227 km², including 43,200 km² of land area. More than a half of the land area is forest land¹, one-third is agricultural land², and one-fifth is covered by mires and bogs.

3 AREA OF APPLICATION

Territorial coverage

The ERDP covers the rural area of the entire Republic of Estonia and is a horizontal plan in this respect. The territories of villages, towns, and small towns are regarded as rural areas.

Objectives

The entire territory of Estonia belongs to Objective 1, because in all administrative levels of the NUTS³ second level, the GNP is below 75% of the EU average.

¹ Forest land is understood as forest land covered with forests and without forests (clear areas). Forest land without forests means clear cut areas, glades, thin forests, burnt woodlands, perished stands, non-assimilated forest plantations and nurseries, as well as land under facilities relating to forests (forest roads, log storage areas, etc.).

² Agricultural land is understood as used agricultural land, i.e. land under planted and harvested crops (field crops, greenhouse crops, fruit and berry plantations, nurseries, natural grasslands, orchards, vegetable gardens, and fallow land).

³ Nomenclature of Territorial Units for Statistics.

4 PLANNING

For the pre-accession period, Estonia prepared the long-term framework document titled the Rural Development Plan 2000–2006, which was approved at the end of 2000. The SAPARD programme was launched on its basis in 2001⁴.

Two framework documents were prepared in Estonia for the period 2004–2006:

- The National Development Plan for implementation of Structural Fund measures — the Single Programming Document 2003–2006 (hereinafter SPD);
- Rural Development Plan 2004–2006 for implementation of the EU Common Agricultural Policy accompanying measures.

Both plans continue that which was started under the SAPARD programme, paying more attention to issues of balanced regional development.

The Ministry of Agriculture with the involvement of third sector representatives and area specialists prepared the ERDP. The task to implement the ERDP measures lies with the Ministry of Agriculture and the agencies within its area of administration; units of the area of administration of the Ministry of Environment are involved in the implementation of relevant measures.

The ERDP focuses on the issues concerning the implementation of the EU Common Agricultural Policy accompanying measures, i.e. the measures financed from the EAGGF Guarantee Section. The ERDP gives an overview of the intended combined use of the measures in Estonia based on the current situation in the Estonian agricultural and rural life, and the objectives that have been set. The ERDP is closely related to the measures applied under Priority 3 of the National Development Plan⁵ 'Agriculture, Fisheries and Rural Development', as well as the Estonian and EU agricultural policy decisions.

⁴ SAPARD – Special Accession Programme for Agriculture and Rural Development, the programme for Central and East European countries for 2000–2006, whose implementation is based on the Rural Development Plan, prepared by each Member State, in Estonia the 'Investment support programme for agriculture and rural life'.

⁵ The Estonian National Development Plan — the Single Programming Document 2003–2006

The framework of Regulation 1257 is supplemented by the detailed rules set out in Commission Regulation No 445/2002 replaced by Commission Regulation No 817/2004, from 29. April 2004. The structure of the ERDP takes account of the requirements prescribed in Annex II of Regulation 445/2002. The ERDP is submitted to the European Commission according to the regulated procedure.

The financial provisions of Council Regulation (EC) No 1258/1999 and Commission Regulation No 27/2004 regulate the financial management details of the measures applied under the ERDP. Council Regulation (EC) No 1260/1999 regulates monitoring and evaluation, as well as compatibility with other Community support measures.

5 STRATEGY

Agriculture and its sub-sectors have been an important activity and source of income for the Estonian rural population for a long time. The changes in the economic environment in the 1990s resulted in a reduced employment rate in the agricultural sector and a high structural unemployment rate (qualified work force is not available for vacant jobs), and rendered rural areas unattractive for people in terms of work and self-actualisation.

The large migration of younger and more educated people from rural to urban areas in the 1990s has impaired the development potential of rural areas and reduced the availability of skilled work force and the quality of work force. Compared to urban areas, the Estonian rural areas are characterised by sparse population and high average age, low purchasing power, closed local communities, and asocialisation in some places.

The changed market situation and reforms have reduced the relative share of agriculture in the national economy, employment and land use, which has resulted in great changes in the landscape; abandoned lands are overgrowing.

However, the level of rural development plays an important role in improving the life quality of the entire population. The greater opportunities of people (welfare) and their mobility boost the need for the natural and traditional cultural environment, which is why a part of the population returns from cities to the countryside. Rural areas are of strategic importance to the state as they supply the (urban) population with food and provide shelter in emergency situations.

The strategy was drafted mainly relying on the former strategic documents:

- Estonian Agricultural Development Strategy (1999);
- Estonian Rural Development Plan 2000–2006 (SAPARD programme).

Additionally, the strategy takes account of the general goal of 3. priority of the SPD “Agriculture, Fisheries and Rural Development”: a balanced and sustainable economic and social development of rural areas. The equality principle has been taken also into account in the preparation of the Agricultural and Rural Development Plan.

5.1 STRATEGIC OBJECTIVES

The strategy's prime objective is to regenerate peoples' ability to cope with rural life and to ensure sustainable and regionally balanced development.

ERDP strategic goals

Objectives

1. To increase agricultural producers' interest in sustainable use of environment, including introduction of more environmentally friendly technologies and techniques, maintaining biological diversity and natural landscapes.
2. To bring agricultural production into accordance with the environmental standards of the Community.
3. To alleviate farmers' financial burden of reorganisation connected with joining EU, increase their economic viability and ability to invest.
4. To Slow down decreasing agricultural employment rate.
5. To advance competitiveness of micro enterprises and balance the effect of area-based subsidies favouring large-scale producers.
6. To maintain land use in less favoured areas and areas with environmental restrictions at least on the level prior to accession and decrease the area of abandoned agricultural land.
7. To raise farmers awareness in the field of economy and environmental protection.

5.2 CHOSEN STRATEGY

The positive developments in Estonian agriculture are related to the EU accession process. Estonia's accession negotiations with the EU began on 31 March 1998. Upon candidacy for membership, Estonia committed itself, without reservations, to harmonisation of its national policies and policy instruments with those applicable in the EU, and therefore the Government of the Republic drafted its action plan for 1998–2003 with the goal of being ready for accession by 1 January 2003.

According to the action plan, Estonia established the Agricultural Registers and Information Centre on the basis of the former Animal Recording Centre with 10 additional workplaces, and started to train the personnel in 1998 as the first stage of the Agricultural and Rural Development Centre. From the

SAPARD agency developed ARIB, which will administrate ERDP measures and also the 3. priority of the SPD “Agriculture, Fisheries and Rural Development” measures.

The accession negotiations were finished on 13–14 December 2002 at the EU summit in Copenhagen, where Estonia along with nine other countries was invited to accede to the EU.

The strategy selected for achieving the goals is based on a purposeful use of the planned EU and national funds. The level of the EU financing for all measures during the period 2004–2006 is EUR 150,5 million.

The agricultural strategy adopted by the Government of the Republic in 2000 assessed the employment level in the Estonian agriculture sector as optimal. The assessment was based on comparison data with the EU Member States relatively similar to Estonia (such as the employment per 100 ha of arable land in the Danish and Swedish agricultural sectors).

According to the agricultural strategy of 2000, the relative share of agriculture in total employment was to remain at a level of 6–7% over the following ten years. In reality, employment in agriculture fell below 5% by 2003.

Considering the short application period of the ERDP, the early retirement and producers’ organisations’ support measures are not applied.

5.2.1 Support for less-favoured areas

General objective of the measure is to secure continuous land use in less-favoured areas.

According to estimation, there are about 465,000 ha of agricultural land in Estonia that fall under less-favoured areas within the meaning of the ERDP. It is estimated that in the year 2004 400,000 ha of agricultural land will be applied for.

5.2.2 Agri-environmental support

The overall aim of the agri-environmental support measure is to facilitate the implementation and continuous use of environmentally friendly agricultural methods. Application of the measure will preserve and promote biological and landscape diversity and increase the income of farmers who operate in an environmentally sustainable manner.

Objectives:

- 1) to promote the introduction and continued use of environmentally friendly agricultural methods;
- 2) to preserve and promote biological and landscape diversity;
- 3) to contribute to providing an appropriate income for those agricultural producers who manage their land in a manner that is beneficial for the environment;
- 4) to enhance the environmental awareness of farmers.

Target value: At least one third of the Estonian farmers will join the agri-environment measure.

5.2.3 Support for afforestation of agricultural land

The overall aim of the measure is to reduce the share of land abandoned and land potentially excluded from agricultural production – land that is not suited for agriculture purposes.

Objectives:

- 1) to reduce the share of abandoned land
- 2) to diversify landscape

Target value: At the end of the programming period 2004-2006 afforest 10 000 ha of agricultural land

5.2.4 Support for semi-subsistence farms undergoing restructuring

The overall aim of measure is to help ease rural transition problems as the agricultural sector and rural economy of the new Member States are exposed to the competitive pressure of the single market and to facilitate and encourage the restructuring of farms not yet economically viable.

Objectives:

- 2) to promote business planning;
- 3) to improve economic viability of small farmers.

Target value: Semi-subsistence farmers increase revenue more than 12% by the end of support period.

5.2.5 Support for meeting standards

The overall aim is to take livestock into compliance with the environmental requirements arising from the Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, and the Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources.

Objectives:

- 1) to promote awareness of environmental requirements arising from the Water Policy Framework Directive;
- 2) to decrease of water pollution from manure handling;

Target value: by the end of 2006 at least 50 % of applicants manure storages meet requirements.

5.2.6 Technical assistance

The aim of measure is to support the implementation of ERDP measures.

5.2.7 Support for the areas with environmental restrictions

The general aim of the measure is to ensure compliance with nature protection requirements and maintenance of agricultural activities in the areas with environmental restrictions. It has been estimated that in Estonia there are 49 000 ha (57 000 ha in all) of agricultural land of which the fields are completely located in the area with environmental restrictions (NATURA 2000 areas) and are deemed to belong to those areas in ERDP. According to estimation the supported area will be approximately 38 600 ha in 2006.

5.3 AREAS COVERED BY SPECIAL MEASURES

Less-favoured areas and areas with environmental restrictions

Bases for designation of Less Favoured Areas and Areas with Environmental Restrictions are regulated with Council Regulation 1257/99 and qualified provisions are specified in Council Regulation 1783/2003.

Zoning for the planning period of 2004-2006 will be carried out on the basis of the borders of administrative units entered to the state land cadastre map by rural municipalities as of 31 December 2003.

There are 15 counties and 197 municipalities in the Estonian rural areas. The best available statistical data are only available on municipality level.

The land types eligible for support and land use will be defined in the act on implementation of the European Union Common Agriculture Policy (CAP).

Article 19 defines basic principles of less-favoured areas definition. Three pillars describe natural, economical and population factors.

Less-favoured areas which are in danger of abandonment of land-use and where the conservation of the countryside is necessary, shall comprise farming areas which are homogeneous from the point of view of natural production conditions and exhibit all of the following characteristics:

- the presence of land of poor productivity, difficult cultivation and with a limited potential which cannot be increased except at excessive cost, and which is mainly suitable for extensive livestock farming
- production which results from low productivity of the natural environment which is appreciably lower than the average, with regard to the main indices of economic performance in agriculture

- a low or dwindling population predominantly dependent on agricultural activity, the accelerated decline of which would jeopardise the viability of the area concerned and its continued habitation

In whole sample less-favoured areas are together 2,259 thousand hectares (49,95% from state area). 627 thousand hectares of that is agricultural land and according to agricultural census 2001, 349 thousand hectares are in use and in cadastre 439 thousand hectares. Which makes the forecasted supported area at 465 thousand ha.

Overview of less-favoured areas is in Annex 2.

Support for the areas with environmental restrictions (NATURA 2000 areas) is in Annex 2 (NATURA 2000 network areas).

6 FINANCIAL TABLE

The financial table covering the application of the ERDP measures was prepared on the basis of the total EU financing in the prices of 2004. Estonia's co-financing, which has to form at least 20% of the budgets of the measures, was calculated on its basis. Funds for financing the ERDP measures over three years amount to EUR 150,5 million from the EU budget and EUR 37,66 million from the Estonian state budget. The total ERDP budget of the programme period (2004–2006) is EUR 188,16 million.

Table. Financing of ERDP measures in 2004–2006, in prices of 2004, EUR

	EU contribution	Public expenditure	Total
Support for less-favoured areas	21 984 074	5 496 019	27 480 093
Agri-environment support	56 734 000	14 205 249	70 939 249
Support for afforestation of agricultural land	7 856 020	1 964 005	9 820 025
Support for semi-subsistence farms undergoing restructuring	8 844 000	2 213 500	11 057 500
Support for meeting standards	27 972 000	6 998 000	34 970 000
Support for areas with environmental restrictions (Natura 2000 areas)	992 000	248 000	1 240 000
Complements to direct payments	21 707 975	5 426 994	27 134 969
Technical assistance	2 489 931	628 233	3 118 164
SAPARD	1 920 000	480 000	2 400 000
Total	150 500 000	37 660 000	188 160 000

7 MEASURES

Chapter describes chosen measures. Detailed implementation rules are laid down in respective legislations.

7.1 SUPPORT FOR LESS-FAVOURED AREAS

Objective of measure

The objective of the measures is to ensure the continuing use of agricultural land in less-favoured areas, and to thereby contribute to the maintenance of a viable rural population in such areas and promote sustainable agriculture that complies with Good Farming Practice⁶.

General requirements

Regulation 1257 articles 19 and 20.

The measure is applied in specified rural municipalities throughout the Republic of Estonia.

The annual average EU financing support for the years 2004–2006 is EUR 9,2 million.

Requirements for applicants

The support can be applied for by natural person, legal person, civil law partnership and any other association of individuals without the status of legal person who is involved in agriculture and who applies for support for at least one hectare of agricultural land in his use, meets requirements of Good Farming Practice and meets the requirements laid down for the activity applied for.

An applicant undertakes to continue agricultural land use in a less-favoured area five years after the first support payment.

Documents required upon application

- Application;
- Whole Farm Map;
- Other certifying documents as needed.

⁶ Annex 1

Amount of support per applicant

Support is granted to the number of hectares used by a farmer. The planned rate of support is 25 EUR per hectare.

7.2 AGRI-ENVIRONMENTAL SUPPORT

Objectives of measure

The general objectives of the agri-environmental support measure are:

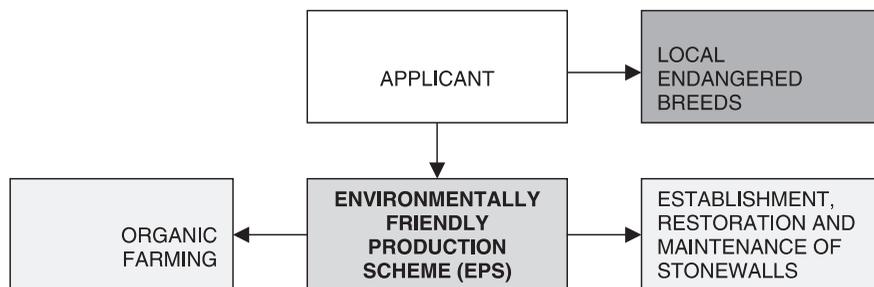
- to promote the introduction and continued use of environmentally friendly agricultural methods;
- to preserve and promote biological and landscape diversity;
- to contribute to providing an appropriate income for those agricultural producers who manage their land in a manner that is beneficial for the environment;
- to enhance the environmental awareness of farmers.

Structure of measure

The agri-environmental support measure of the Rural Development Plan consists of:

- basic activity;
- additional activities;
- special activity;
- detailed agronomic calculations.

Figure 1 General scheme of agri-environmental support



- Special activity, available to every eligible person;
- Basic activity, available to every eligible person and a precondition for additional activities;
- Additional activities, available to every eligible person who meets the requirements of Environmentally Friendly Production Scheme.

General requirements

Agri-environmental policy, Council Regulation 1257 article 22.

The measure is applied in the entire Estonia.

The agri-environmental measure is regulated by Council Regulation 1257/1999, article 22 (2). The activities selected in Estonia are divided as follows (name and place in the Article):

Environmentally Friendly Production Scheme

1st and 5th indent

Additional activities

- organic farming **1st indent**
- establishment, restoration and maintenance of stonewalls **1st and 4th indent**

Special activities

- local endangered breeds **1st indent**

Requirements for applicants

The support can be applied for by natural person, legal person, civil law partnership and any other association of individuals without the status of legal person who is involved in agriculture and who is using at least one hectare of agricultural land, meets the requirements of good farming practise in entire holding and meets the requirements laid down for the activity applied for. Application for agri-environmental support is voluntary for producers; upon application, applicant assumes the obligation to comply with the requirements for agri-environmental support for five years.

Combination of activities

Support for the Environmentally Friendly Production Scheme is not available for land for which support is granted for organic farming. Support for the organic farming is not available for land for which support is granted for Environmentally-Friendly Production Scheme.

In the case of combining different activities, support amounts per hectare must not exceed maximum support amounts established in Annex of Council Regulation 1257/1999. Exceeding of mentioned support amounts is avoided during the processing of support applications in ARIB.

7.2.1 Environmentally Friendly Production Scheme

Rationale

The intensification and specialisation of agriculture in the Soviet period led to serious environmental problems such as water pollution, soil degradation, loss of natural habitats and traditional agricultural landscapes. Since the beginning of the 1990s, the negative impact of agriculture on the environment (e.g. water pollution) has decreased somewhat as the production volumes have gone down. However, many problems have persisted and new problems have arisen such as abandonment of agricultural lands, which encourages the spread of weeds; open agricultural landscapes are overgrowing and valuable semi-natural landscapes are disappearing.

As economic conditions improve, the negative impact on the environment increases again. For example, the use of plant protection products and mineral fertilisers is again increasing and may bring about water pollution and a decrease in biodiversity unless environmentally friendly modern technologies are applied.

One of the reasons for the aforementioned problems is the poor environmental awareness of farmers and their failure to consider environmental protection aspects when planning production.

Estonia has supported Environmentally Friendly Production Scheme since 2002, when payments were made in 55 rural municipalities. In 2002, support was paid for Environmentally Friendly Production Scheme for 66,650 ha. Support in 2003 was similar to that of 2002, the only exception being the number of rural municipalities in which payments were made — 56. In 2003, support for the Environmentally Friendly Production Scheme was paid for 75,680 ha; the amount of support was EUR 16 per ha for up to 100 ha; EUR 13 per ha for every hectare starting from 100.1 ha up to 300 ha, and EUR 10 per ha for every hectare starting from 300.1 ha to 500 ha. Support was not granted for the area exceeding 500 ha.

Aim of activity

The objectives of the Environmentally Friendly Production Scheme are:

- raising farmers' awareness of the environmental value and environmental impacts of their farms;
- encouraging the use of environmental planning by farmers;
- reducing the risk of water pollution posed by plant nutrients, maintaining soil fertility, and improving the aesthetic value of agricultural landscapes.

Geographical coverage

The measure will be implemented nationwide from the year 2004. In 2005, new commitments will only be accepted in case of applicants whose field belongs to Natura 2000 areas and who submitted an area-based support application in 2005.

Requirements

All persons participating in the Environmentally Friendly Production Scheme will be required to undertake the actions outlined below.

The applicant must prepare an Environmentally Friendly Production Plan that consists of two documents:

- **Nutrient Management Plan** — containing data on the organic fertilisers produced on the farm, and the use of purchased fertilisers, organic and mineral fertilisers on each field of the farm. The total application of nitrogen as mineral fertilisers and manure/liquid does not exceed an aver-

age of 170 kg per hectare of cultivated area and the total application of nitrogen as mineral fertilisers does not exceed 100 kg per hectare of cultivated area. The Nutrient Management Plan is prepared for every year of the commitment period and it must be available at the enterprise of the applicant for inspection throughout the five-year commitment period.

- **Crop Sequence Plan** — the applicant must plan and follow a crop sequence with following requirements:
 - 1) on the land, where crop sequence is applied, farmer must grow legumes or mixture of legumes and graminaceous grass plants;
 - 2) it is forbidden to grow cereals in the same field more than three years successively and the same crop species in the same field more than two years successively.

Besides the Environmentally Friendly Production Plan, the applicant must meet the following requirements:

- the farmer must send to an accredited laboratory soil samples to determine the acidity of soil, organic matter or humus, and the total amounts of potassium and phosphorus assimilated by the plants;
- agricultural animals (sheep, goats, horses, cows, oxen, at least 2-months old female calves and heifers) must be kept outside for grazing during summertime;
- the farmer must participate in at least 6 hours of training in environmentally friendly production during the first year after application and in at least 6 hours of training in environmentally friendly production during the remaining four years of the commitment period in total.

Expected impact

It is anticipated that support for Environmentally Friendly Production Scheme is paid for 30–35% of Estonian agricultural land. As a result of the implementation of the measure, the environmental awareness of the applicants will increase and the adoption of environmental planning and the introduction of environmentally friendly farming practises will contribute to the maintenance and enhancement of the overall environment of the agricultural enterprise.

Amount of support

The amount of support for the Environmentally Friendly Production Scheme for arable land (except permanent grassland) is EUR 45,63 ha/year. The amount of support for the Environmentally Friendly Production Scheme for grasslands (except short-term grassland) is EUR 21,15 ha/year.

7.2.2 Additional activities

7.2.2.1 Organic farming

Rationale

Although interest in organic farming has greatly increased in recent years, there are too few organic farmers and their output is too small to satisfy the growing demand for organic food.

Organic farming support payments have been made all over Estonia since 2000. The area of land used for organic farming has rapidly grown since then. In 2002, there were 583 approved organic farmers in Estonia who cultivated a total of 30,550 ha of organically farmed land or land in conversion to organic farming. In 2003, there were 764 approved organic farmers in Estonia; organic farming support was applied for an area of 38,588 ha; payments will be made according to the crop grown. The amount of support was EUR 19 per ha of grasslands; EUR 22 per ha of grasslands where organically reared farm animals account for at least 50% of the total LU reared in the enterprise at the time of application; EUR 45 per ha under grains, legumes, industrial crops, potatoes, feed vegetables, and short-term grasslands; and EUR 128 per ha under open field vegetables, medicinal and aromatic herbs, and fruit and berry gardens in 2003.

Objectives of activity

The objectives of the activity are:

- to support the development of organic farming as a nature-friendly method of production and to satisfy the growing demand for organic produce;
- to support and increase the competitiveness of organic farming.

Geographical coverage

The activity will be applied nationwide from 2004.

Preconditions for entry

Applicants for organic farming support must meet the Environmentally Friendly Production Scheme requirements.

Requirements

Persons applying for organic farming support must comply with the following requirements:

- Approval of enterprise — the applicant must comply with the rules of organic farming in accordance with the Organic Farming Act; the enterprise must be approved or considered approved on the basis provided by the above Act.
- Training – the farmer who receives support for organic farming for the first time must participate in at least 12 hours training in organic farming in the year of application, in addition all recipients must participate in at least 18 hours training in organic farming by the end of the fifth year of the period of commitment.

Expected impact

Since organic farming support payments were first made in Estonia, the area under organic crops has increased by about 10,000 ha every year. This growth rate is expected to continue in 2004–2006, meaning that 70,000 of land should be used for organic farming in 2006. The output of organic products and their relative share should also increase noticeably.

Implementation of the activity will reduce the environmental and health risks of using mineral fertilisers and plant protection products and help maintain the fertility of soil and biodiversity.

Amount of support

Support payments for organic farming will be made in three groups depending on the type of crop:

- for permanent and natural grasslands, per ha of which there are at least 0.1 LU in the enterprise and at least 50% of these LU are reared organically, the amount of support is EUR 73,91 per ha;
- support for grains, legumes, industrial crops, potatoes, black fallow and short-term grasslands is EUR 96,89 per ha;
- support for open field vegetables, fodder vegetables, medicinal and aromatic herbs and fruits and berries is EUR 240,54 per ha.

7.2.2.2 Establishment, restoration and maintenance of stonewalls

Rationale

The intensive farming and extensive land improvement of the Soviet period resulted in a simplification of the traditional mosaic-like landscape structure: large masses of fields were established from which stonewalls, which used to be valuable habitats, were removed; coppices and other valuable landscape elements were also removed from fields. As a result, habitats suitable for many species of agricultural lands were destroyed and the aesthetic value of landscapes suffered. Stonewalls are not only valuable habitats, but represent cultural values. The number of stonewalls has significantly decreased by now and the existing ones are in a poor condition.

The restoration and maintenance of stonewalls has been supported in two pilot areas in Estonia since 2001. In 2002, support payments were made for the restoration of 5546 metres of stonewalls and the maintenance of 1583 metres of stonewalls. In 2003, support was granted for the restoration of 6282 m and the maintenance of 1541 m of stonewalls; the amounts of support were EUR 6 and EUR 1.3 per m, respectively.

Objectives of activity

The objective of the activity is to contribute to the establishment, restoration and maintenance of stonewalls as elements of traditional agricultural landscapes that have a high historical, cultural and scenic value so as to:

- maintain and improve the aesthetic value of agricultural landscapes;
- create habitats and to increase biological and landscape diversity;
- preserve the historic and cultural value of the landscape.

Geographical coverage

The activity will be applied all over Estonia, but new stonewalls may be established only in places where they have been a historical part of the landscape. The activity will be implemented from 2005.

Preconditions for entry

Beneficiaries of support for the establishment, restoration and maintenance of stonewalls must meet the Environmentally Friendly Production Scheme requirements.

Requirements

a) Establishment of stonewalls

The new stonewall must be located in or on the border of agricultural land. A new stonewall may only be established at a place where the former location of a stonewall can be recognized on the basis of maps or to mark the boundaries of an estate where stonewalls have traditionally existed. The location, materials (type of stone) and traditional design of the stonewall are subject to approval by the Heritage Conservation Board. The height of a stonewall under establishment should be at least 60 cm. Fertilisers and plant protection products must not be used and the land must not be cultivated closer than 1.5 m of the stonewall. During the four years of commitment following establishment, the stonewall has to be maintained according the requirements listed below.

b) Restoration of stonewalls

The restored stonewall must be located in or on the border of agricultural land. A stonewall may only be restored if its base still exists. The decision of the Heritage Conservation Board, based on the map, is required. The location, materials (type of stone) and traditional design of stonewall are subject to approval by the Heritage Conservation Board. The height of a restored stonewall should be at least 60 cm. Fertilisers and plant protection products must not be used and the land must not be cultivated closer than 1.5 m of stonewall.

During the four years of commitment following restoration, stonewall has to be maintained according the requirements listed below.

c) Maintenance of stonewalls

The maintained stonewall must be located in or on the border of agricultural land. Maintenance is understood as repair of the cracks in the wall and putting any stones that have fallen out back in their place. Stonewalls must be maintained using traditional methods and materials and a design characteristic of the area. Fertilisers and plant protection products must not be used and the land must not be cultivated closer than 1.5 m of stonewalls.

Expected impact

The expected results for 2005–2006 are the establishment of 20,000 m, the restoration of 40,000 m and the maintenance of 15,000 m of stonewalls.

The establishment, restoration and maintenance of stonewalls will create and maintain suitable habitats for many species of agricultural landscapes and maintain and improve the aesthetic value of the landscapes and the preservation of the cultural heritage of stonewalls.

Amount of support

The support for the establishment of a new stonewall in the first year of commitment and for its maintenance during the remaining period of commitment is 4,47 euros per metre per year. The support for the restoration of a stonewall in the first year of commitment and for its maintenance during the remaining period of commitment is 3,70 euros per metre per year. The support granted for the maintenance of stonewalls is 2,43 euros per metre per year.

7.2.3 Special activities***7.2.3.1 Local endangered breeds******Rationale***

According to FAO classification, Estonian native cattle, Estonian native horse, Tori horse and Estonian heavy draught belong to the category of endangered breeds to be maintained. According to the data provided by the Veterinary and Food Board, there were about 450 mares of Estonian native horse, 330 mares of Tori horse and 60 mares of Estonian heavy draught and about 500 Estonian native cows in Estonia in 2004.

The nationwide payment of support for raising Estonian native horse began in 2002, when support was granted for raising 559 horses. In 2003, support was granted for raising 696 Estonian native horses and the refund rate was 96 euros (1500 kroons) per horse. Dairy cow support payments for Estonian native cattle have been made at a preferential rate since 2000. In 2003, support was granted for raising 351 Estonian native cows.

Objectives of activity

The objective of the activity is to ensure the maintenance of native endangered breeds – Estonian native cattle, Estonian native horse, Tori horse and Estonian heavy draught – in view of their importance for cultural heritage conservation and maintenance of genetic diversity.

Geographical coverage

The nationwide payment of support for raising Estonian native horse started in 2004 and the nationwide payment of support for raising Estonian native cattle, Tori horse and Estonian heavy draught is expected to start from 2005.

Preconditions for entry

Applicants for the support for raising animals of native endangered breeds must comply with the requirements of good farming practice.

Requirements

Support will be granted:

- for cattle of the Estonian cattle breed that are entered in the register of farm animals and in the herd book kept by the preserver of endangered breed approved by the Estonian Veterinary and Food Board, and purebred female progeny which is at least six months old carried in the register of farm animals and who's parents are carried into herd book mentioned before;
- for Estonian native horses, Tori horses and Estonian heavy draughts that are at least six months old, duly identified and purebred, carried in the studbook kept by the preserver of endangered breed approved by the Estonian Veterinary and Food Board

Expected impact

It is expected that with the implementation of the activity support will be granted for raising all the duly kept Estonian native horses, Tori horses, Estonian heavy draughts and Estonian native cattle. With the implementation of the activity, the number of animals of all the native endangered breeds will increase and the risk of their extinction will be reduced. The activity contributes to the maintenance of genetic diversity.

Amount of support

Support for raising Estonian native horse, Tori horse and Estonian heavy draught is 162,97 euros per year and support for raising Estonian native cattle is 173,41 euros per year.

7.3 SUPPORT FOR AFFORESTATION OF AGRICULTURAL LAND

Rationale

The aim of the measure is to reduce the share of abandoned agricultural lands and the share of lands less suitable for agriculture as well as to support the formation of forestland of valuable forest. In 2004–2006 it is possible under this measure to afforest 10 000 ha of agricultural land in an environmentally friendly manner, taking into account local conditions and planning.

General requirements

Council Regulation 1257/1999, article 31.

Measure will be implemented on common principles in the rural area of Republic of Estonia.

The Minister of Agriculture has right to name the areas, where the measure is not implemented because of the natural afforestation. The need for the measure arises from the ERDP strategy.

According to the Treaty the EU gives Estonia support, as an exception in 2005–2006 to afforest these lands that have been abandoned by agriculture up to five years previously.

The annual average EU financing support for the years 2005–2006 is EUR 3,9 million.

Requirements for applicants

The support can be applied for by natural or legal person who applies for support for at least 0,3 hectare of agricultural land what belongs in applicant's property.

The planting has to be adapted to local conditions and has to be compatible with the environment.

Minimum number of plants per hectare must be guaranteed and the percentage of plants must be also proved documentary.

Where fields of over 5,0 ha are afforested, the soil quality rating has to be up to 35 points. Support for the afforestation of agricultural and abandoned agricultural land will be granted on condition that such land has been in use within the previous five years.

The maximum area supported under afforestation of agricultural land measure is 30 hectares per applicant.

The Natura 2000 habitat types listed in Annex 1 to the wildlife directive (92/43/EEC), located in Natura 2000 areas and protected areas, are not eligible for support under this measure. Support also is not granted for regions and areas where afforestation may endanger the natural environment (like protected areas, restricted zones, habitats with a heritage value).

Establishment of coniferous trees (monoculture), at least 25% should be broad leaved trees, foreign tree species what are not allowed under Forest Act (1998), Christmas trees or fast growing tree species with the rotation period up to 25-year forest plantations are not supported.

Documents required upon application

- Application-activity plan;
- Other certifying documents if necessary.

Supported activities

The following activities are supported under this measure:

- establishment of a forest plantation;
- an annual premium per hectare afforested to cover maintenance costs;
- a second instalment grant to replace perished forest plantation.

Amount of support

The amount of establishment support is 805 EUR per hectare.

The payment of maintenance support is paid in the first year together with establishment support and next four years the applicant has to apply for maintenance support separately. The support will be given only to the area where planting was done with establishment support. The amount of maintenance support is 77 EUR per hectare per year.

The second instalment grant will be paid, if established plantation has been perished more than 25%. The grant is foreseen in case of *force majeure* and is payable once during the support payment period. The amount of second instalment grant is EUR 128 per hectare.

7.4 SUPPORT FOR SEMI-SUBSISTENCE FARMS UNDERGOING RESTRUCTURING

Objective of measure

To give smaller agricultural holdings temporary income support in the post-accession transitional period, and to thus contribute to the maintenance of smaller agricultural holdings and make them more viable.

General requirements

Article 33b of Regulation 1257.

This measure will be implemented on common principles in the Republic of Estonia.

The need for the measure arises from the ERDP strategy and it will be implemented during the transitional period of 2004–2006.

The annual average EU financing support for the years 2004–2006 is EUR 3,5 million.

Requirements for applicants

Support is available for sole proprietor engaged in the production of agricultural products if applicant's gross revenue from agricultural production in the previous year exceeded 2000 EUR and total farm revenue included also revenue from on-farm diversification activities in the previous year do not exceed 18000 EUR.

The applicant must prove economic viability in the form total revenue growth (excluded support for semi-subsistence farms undergoing restructuring), which will have to increase at least 12% by the end of the third year compared to year before applying support.

An applicant must continue with agricultural production during support period.

An applicant must complete necessary investments described in the business plan to become economically viable. Compliance with the business plan reviewed after three years.

Documents required upon application

- Application;
- Business plan;
- Mid-term report (4th year);
- Other certifying documents as necessary.

Description of business plan

The business plan will demonstrate the future economic viability of the holding. The business plan consists of a brief description of previous economic activities and planned economic activities during next five year. The business plan includes planned necessary investments with milestones and targets; and also growth rate of revenue are represented. The minister for agriculture sets detailed requirements.

Amount of support

Initial applications for support can be submitted in 2004- 2006. Support will be paid for up to five years.

The annual amount of support per applicant is 1000 EUR, totalling up to 5000 EUR over five years.

7.5 SUPPORT FOR MEETING STANDARDS

Objective of the measure

The objective of the measure is the compliance of agricultural sector with the standards arising from the water policy of the Community, in particular the aim is to decrease point source pollution from agriculture with substances listed in annex VIII p. 11 of Directive 2000/60/EC of the European Parliament and of the Council.

The measure assists in speeding up the fulfilment of standards based on Community's water policy (the Directive 2000/60/EC of the European Parliament and of the Council and the Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources) and in compensating partly the temporary financial burden arising from bringing manure handling into accordance with environmental requirements. Main emphasis is on environmental standard for manure and liquid storages set by Regulation No 57 of the Estonian Government of 27.02.2004.

According to the amendment (2004, No 57) of the Regulation of the Government “Water requirements for fertilizer and manure and silage storage facilities and for manure and silage juice and the fertilizer usage and storage requirements” (2001, No 288), manure storage facilities should meet environmental requirements by 1. January 2010 and by 31. December 2008 in the area vulnerable to nitrate pollution.

General requirements

Article 33I (2a, 2b) and chapter Va of Regulation 1257.

This measure will be implemented under general principles in the whole territory of Estonia.

The need for the measure arises from the ERDP strategy and the measure will be implemented during the transitional period of 2004–2006. The measure contributes to the sustainable development of rural economy.

According to the Water Act (2004) the minimum manure storage capacity of eight months has to be fulfilled.

Requirements for applicants

Support is available for a natural or legal person who is keeping more than 10 livestock units (LU) of cattle, pig, sheep or goats in a building used for keeping farm animals. The cattle, sheep, pigs and goats should be registered according to requirements.

Buildings used for keeping farm animals should be registered as required.

An applicant undertakes to make the investments planned in the plan of investment for manure storage organization during the support period. The applicants who before the implementation of the measure concerning meeting standards got a positive reply or were given support for the construction or reconstruction of manure storage facilities under measure 3.1 of the SPD the acceptance of applications for the investments into the construction and reconstruction of manure storage facilities will be closed by 30 August 2004 at the latest, i.e. before the implementation of the measure concerning meeting standards.

An applicant undertakes to go on with keeping farm animals during the support period.

Documents required upon application

- Application;
- The plan of investment for manure storage organisation approved by the county environmental authority;
- Other documents as required.

The plan of investment for manure storage organisation

The plan of investment for manure storage organisation (hereinafter plan of investment) includes the investments for the year of commitment planned to bring manure or liquid storages into compliance with requirements.

Eligible investments are the following: building, reconstruction and expansion of manure or liquid storages, obtainment and adjustment of utility systems and preparatory works connected with planned investments.

The plan of investment should be presented separately for every manure or liquid storage that is connected with the building used for keeping farm animals for which support is being applied.

Amount of support

Applications for support can be submitted in 2004-2006. Support will be paid in three years.

The amount of support granted to an applicant raising cattle, sheep and goats depends on the number of animals ascertained in the building used for keeping farm animals that is connected with the eligible object. Support to pig farmers is calculated according to the number of sows and hogs and in case of fattening pigs according to the reference average of animal movements in the building used for keeping farm animals, which is connected with the eligible object.

The amount of support is 80 EUR per LU a year, whereas the total amount per applicant cannot exceed 25,000 EUR a year and 75,000 EUR per period. There are not planned any further payments and commitments within meeting standards measure for manure storage facilities after the end of support period. One-time investment is sufficient to assure that manure storage facilities conform to the environmental requirements.

7.6 COMPLEMENTS TO DIRECT PAYMENTS

The measure reduces the inequality that arises from a different direct aid level compared to the EU Member States as from 1st May 2004.

Support is paid by ARIB.

7.7 TECHNICAL ASSISTANCE

Objective of measure

The general objective of the technical assistance measure is to support the effective implementation, control, monitoring and the evaluation of the program.

Activities supported

Taking into account the Regulations 1257/1999/EU (art 33e), 1685/2000/EU (rule No 11 of the Annex), 817/2004/EU (art 45), 141/2004/EU (art 3).

- Appraisal of the projects;
- Information actions, seminars;
- Studies;
- Meetings of monitoring committee and sub-committees;
- Audits and on the spot checks of operations;
- Evaluation, including coordination, meetings of expert groups;
- Monitoring;
- Other allowed activities.

Categories of expenditure are foreseen:

- Costs of experts and other personnel not belonging to public authority;
- Costs of public administration experts and other personnel (excluding those connected to activities information actions, studies, evaluation and seminars);
- Costs of preparation of information materials and publishing;
- Costs of transportation;
- Costs of meetings;
- Procurement of techniques related to information actions, seminars;
- Expenditure relating to audits and on-the-spot checks of operations;

- Expenditure relating to monitoring and evaluation activities, including cost of programming of software, techniques, transportation;
- Expenditure connected to civil servants and other public officials seconded by duly documented decision of the competent authority to carry out tasks (excluding those connected to activities information actions, studies, evaluation and seminars);
- Costs of professional services rendered by a public service in the implementation of an operation provided if it does not arise from the statutory responsibilities of the public authority or the authority's day-to day management, monitoring and control tasks;
- Other allowed expenditures.

7.8 SUPPORT FOR THE AREAS WITH ENVIRONMENTAL RESTRICTION

Aim of the measure

The aim of the measure is to ensure compliance with environmental protection requirements and maintenance of agriculture in the areas with environmental restrictions.

Basic requirements

Council Regulation (EC) No 1257/1999, Articles 13b and 16.

The measure is applied in specified areas in the territory of Estonia.

Requirements for applicants

Support can be applied for by a natural person, a legal person, a civil law partnership and any other association of individuals without the status of legal person who is involved in agriculture and who applies for support for at least 0,3 ha of agricultural land in applicant's use, meets the requirements of good farming practice and the requirements related to management plan.

Documents required upon application

- Application;
- Map of the fields;
- Other certifying documents, if necessary.

Amount of support

According to Regulation 1257/1999, Article 16, the refund rate will be fixed, the payment must compensate for the loss of profit caused by the established restrictions. The refund rate is calculated by detailed calculations, taking the restrictions arising from Nature Protection Act as the basis.

In support payment the number of hectares per farmer is taken into account.

Support rate per hectare is 32,1 EUR.

8 MONITORING AND EVALUATION OF ERDP

According to Article 43(1) of Regulation (EC) No. 1257/1999 the rural development plans submitted by Member States for the period from 2000 – 2006 must include *“provisions to ensure the effective and correct implementation of the plans, including monitoring and evaluation”*.

Under the PHARE 2002 project among other activities a proposal has been made for the institutional structure for monitoring and evaluation of the ERDP measures. The main emphasis under the project was to work out the monitoring and evaluation system for the agri-environment measure (including indicators and methodology).

8.1 MONITORING

According to Article 48(2) of Regulation (EC) No. 1257/1999 “monitoring shall be carried out by reference to specific physical and financial indicators” and that “Member States shall submit annual progress reports by 30 June of the following year to the Commission. For fulfilment of this obligation guidelines and working papers prepared by the Commission for the Member States (Commission Document VI/43512/02 final 26/2/2002) will be taken into account. Annual progress reports are prepared by Ministry of Agriculture together with ARIB.

The electronic monitoring system of the ERDP is under construction and should be completed by 1 November 2004. Most of the data necessary for monitoring are available in the ERDP procedural system. Data can also be obtained from the client register (e.g. location of applicant’s activities) and a part of the data related to LFA can be taken from the ARIB geoinformation system. To find the monitoring table indicators, there are certain procedures in reporting system, providing different data classifications. Finally the data are collected in the software package Excel.

8.2 EVALUATION

An independent expert conducted ex-ante evaluation of the ERDP according to Articles 54–57 of Commission Regulation 445/2002 replaced by Commission Regulation 817/2004, which regulates its implementation. In the course

of ex-ante evaluation, the identified discrepancies, backwardness and potential were analyzed and the conformity of the strategy to the current situation and goals was assessed. The expected impact of the selected priority activities was also evaluated and their goals were quantified where possible.

According to Articles 8 Commission Regulation 141/2004, no interim evaluation is planned for this program period.

The Republic of Estonia in cooperation with the European Commission will conduct ex-post evaluation after the end of the program. Ex-post evaluation will assess the impact of the program, the use of funds, the efficiency and effectiveness of support, and make conclusions about rural development policies, including their contribution to the Common Agricultural Policy. The ex-post evaluation will be carried out following the guidelines of the European Commission.

8.3 INSTITUTIONAL STRUCTURE FOR MONITORING AND EVALUATION

1. Co-ordination and administration of the monitoring and evaluation of all RDP measures will be the concern of a Ministry of Agriculture with cooperation to ARIB. The responsibility should include:

- the preparation of all annual progress reports;
- the co-ordination, management and final compilation of all evaluation reports submitted to the European Commission;
- the co-ordination and management of all relevant committees/working groups established by the MoA including the ERDP Monitoring Committee, Agri-environment Monitoring Group and ERDP Evaluation Committee;
- to submit proposals about implementation of the ERDP programme to the European Commission.

2. ERDP Monitoring Committee.

The Monitoring Committee comprises members of the Council of Agriculture and Rural Development and a representative of the Commission acting in an advisory capacity.

The task of the Monitoring Committee inter alia is the following:

The evaluation of the implementation of ERDP, including the evaluation of the achievement of the intended measure objectives; making proposals to the competent authority on the more efficient implementation of ERDP; review of the annual RDP report and its approval.

3. Considering the specific nature of agri-environmental support a special Agri-environment Monitoring Group is created under the Monitoring Committee.

Agri-environment Monitoring Group discuss and make decisions on the full-range of specific issues relating to the monitoring, evaluation and further development of the agri-environment measure. The membership of the group will include scientists, environmental NGOs, government agencies etc. The responsibilities of the Agri-environment Monitoring Group should include:

- The final review of the agri-environment content of all external reports (annual progress and evaluation reports) prepared for submission to the Monitoring Committee before submitting to the European Commission;
- Recommending appropriate action to the managing authority and Monitoring Committee for any adjustments.

4. RDP Evaluation Committee should include:

- establishing the selection/tender process for the selection of the Independent Evaluator responsible for evaluation of all RDP measures except the agri-environment measure – the Agricultural Research Centre (ARC) will have a potential role as independent evaluator of the agri-environment measure;
- establishing and monitoring progress with the time-table for preparation and submission of the necessary evaluation reports;
- defining the division of responsibility between the designated Independent Evaluator and the ARC – including responsibility for answering the Commission Common Questions (chapter-specific and cross-cutting);
- considering and approving draft evaluation reports prepared by the Independent Evaluator and ARC after they have gone to the Ministry of Agriculture for compilation as a single evaluation report for submission to the European Commission.

9 IMPLEMENTATION OF MEASURES

General principles of administration

Applications are submitted to ARIB, whose duty is to implement the ERDP measures. The applications are reviewed and decisions are made according to the eligibility criteria.

The implementing functions of ARIB are to:

- accept applications;
- review and register applications;
- assess the eligibility of applications on the basis of administrative and on-the-spot checks;
- establish contractual commitments between ARIB and beneficiaries;
- decide on granting support;
- monitor and report;
- ensure compliance with Community legislation.

The payment functions of ARIB are to:

- verify payment requests;
- grant authorisations for payments;
- make payments;
- account for financial obligations and payments;
- perform on-the-spot checks to inspect the compliance of payments with the requirements.

Acceptance of applications

ARIB will give notice of the acceptance deadlines.

According to the article 14 of Commission Regulation (EU) no 2419/2001 the applicant may withdraw an aid application according to the deadlines ARIB sets.

Processing of applications

In the course of processing of applications, the ARIB officials will check whether the potential beneficiary has submitted all the required data and supporting documents and whether the data confirm the eligibility of the applicant.

Support decisions

ARIB adopts a decision to make or refuse to make support payments based on the administrative and on-the-spot checking of applications.

A decision to refuse to make support payments must indicate the reasons for refusal.

In area aid applications replacement of agricultural parcels is allowed.

Payments

Support payments are made to the bank account specified by the applicant in the application in Estonian kroons. ARIB records information on each transfer, including the amount in Estonian kroons and in Euros according to the applicable exchange rate.

10 CONTROL AND SANCTIONS

Principles of control and sanctions

Principles of control are set in the chapters 2 and 12 of the Common Agricultural Policy Implementing Act. Rules for cooperation between Paying Agency and control institutions are detailed in the Decree of Government no 160 from 29.04.2004. In addition, general internal audit rules connected to the ERDP are based on the Decree of Government nr 329 from 18.10.2000.

ARIB is responsible for control and carries out state monitoring of the beneficiaries. ARIB performs administrative control of all applications submitted and performs on-the-spot checks of at least 5% of the applicants every year. The inspection results are recorded in a checklist. ARIB performs the checks according to Articles 67-69 of Commission Regulation (EC) No 817/2004. On-the-spot checks shall be documented on detailed and standardised control reports as provided for by Article 20 of Regulation (EC) No 2419/2001.

Farmers subjected to on-the-spot checks are selected by the competent authority (ARIB) on the basis of a risk analysis and an element of representativeness of the aid applications submitted. Risk analysis shall take into account all risk criteria provided for by Article 19(1) of Regulation (EC) No 2419/2001. To provide the element of representativity, are selected randomly between 20 % and 25 % of the minimum number of farmers to be subject to on-the-spot checks.

Pursuant to the article 37 (2) of the Commission regulation (EC) no. 817/2004 the recipient to the less favoured areas support and agri-environmental support may increase the area that does not have valid commitment, subject to the support in the amount of up to 30 percent or up to 2 hectares.

If the investments made under the measure “Support for meeting standards” exceed 10 000 euros, check on the applications and on-the-spot control will be carried out according to article 9a of the Commission Regulation No 141/2004, last amended with the Commission Regulation No 740/2004.

Cross-checks with IACS and other relevant databases are to be performed in cases where plots and/or animals, included in the IACS system, are elements of the application (Article 68 of Commission Regulation (EC) No 817/2004).

An applicant who has intentionally submitted false data will be punished according to Article 72 of Commission Regulation (EC) No 817/2004.

Interest in case of recovery of undue payments shall be calculated according to Article 49 of Regulation (EC) 2419/2001, which Article 70(3) of Regulation (EC) No 817/2004 refers to.

Where the applicant is not able to perform his obligations because of *force majeure* or other exceptional circumstances listed in Article 39 (1) of Commission Regulation (EC) No 817/2004, he remains entitled to support according to Article 39 of Commission Regulation (EC) No 817/2004.

Control of the Good Farming Practise standards

ARIB exercises supervision of the requirements of Good Farming Practice listed in Annex 1 table 1. In case of non-compliance, ARIB reduces support payments according to the procedure and reduction rates laid down in national law.

Standards 2–5, 7–9, 11, 12 and 15 (listed in Annex 1 table 1) will be implemented from 1 January 2005 and standard 10 from 1 May 2005.

Supervision of the legal acts mentioned in Annex 1 table 1 is exercised by the following authorities according to their competence: Environmental Inspectorate, county environmental services, Plant Production Inspectorate, Veterinary and Food Board, etc.

In case of the ascertainment of infringements of the above mentioned legal acts, ARIB will inform the above mentioned competent authorities.

11 INFORMATION AND PUBLICITY

The rural development measures to be implemented in Estonia are made public. Publication covers:

- making potential beneficiaries and trade organisations aware of the opportunities afforded by support;
- making the general public aware of the role of the EU in the programme;
- assessment of the potential environmental impact.

Information and publicity is based on Article 32 of Council Regulation (EC) No 2082/93. Potential beneficiaries are informed of the rate of support and the procedure for applications. Information on the measures and the eligibility criteria is available via farmers' organisation, enterprise centres, and county governments.

Every year, the Ministry of Agriculture prepares guidelines for each support measure, which will be available to applicants in the regional ARIB offices. The application forms are also available at the regional ARIB offices.

Organisations of advisers and farmers organise training and seminars for farmers and advisors, including on the preparation of applications.

Information is made available to the public in the following forms:

- announcements in the press;
- information on the web sites of the Ministry of Agriculture and ARIB;
- press announcements and press events of the Ministry of Agriculture and ARIB;
- the public is informed by way of seminars, conferences, and exhibitions;
- topical publications are printed.

The general public is made aware of the role of the EU in the implementation of the programme.

12 COMPATIBILITY AND CONSISTENCY

RDP contributes to the delivery of the CAP Strategy by helping farmers to respond better to consumer requirements and become more competitive, diverse, flexible and environmentally responsible. It also provides help to agricultural producers and communities, which need to adapt and develop.

The Ministry of Agriculture, as the competent authority, and ARIB as the paying agency for measures under the Regulation, will work to ensure that the measures operated under the Programme are compatible and consistent with other Community policies and instruments and national instruments.

Measures operated under the ERDP will comply with Community policies laid down in the Treaties, in particular the establishment of a space without internal borders, the Council social exclusion policy, policy in favour of SMEs. Measures will observe the principles and objectives of sustainable development as laid down in the Community programme of policy and action in relation to the environment and sustainable development. They are also consistent with the Strategy for Environmental Integration and Sustainable Development in the Common Agricultural Policy adopted at the Helsinki European Council.

The ERDP does not include support or investments falling within the scope of support measures under Common Market Organisations or research projects, measures to promote agricultural products or to eradicate animal diseases.

13 STATE AID

No additional state aid is provided within the framework of the measures of the Rural Development Programme.

ANNEX 1

Good Farming Practice

All the farmers receiving agri-environment support, support for less-favoured areas or support for the areas with environmental restrictions must comply with the requirements of good farming practice to be eligible.

More specific requirements concerning good farming practice may be established by the minister of agriculture.

The requirements of good farming practice will be introduced to producers during the obligatory training in agri-environment support. Council Regulation (EC) No 1257/1999 and Commission Regulation (EC) No 817/2004 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999, require that:

1. All Rural Development Plans developed and implemented by EU Member States must contain “*verifiable standards of Good Farming Practice*”;
2. Farmers receiving agri-environmental or less-favoured area support payments must follow these standards of Good Farming Practice all over the area they farm;
3. Agri-environmental payments should be calculated so that they only compensate or provide an incentive for farmers to undertake activities that go beyond the “baseline” of Good Farming Practice. Producers are not paid compensation for complying with Good Farming Practice.

According to Article 35 of Commission Regulation (EC) No 817/2004:

- Good Farming Practice means the standard of farming, which should be followed by a reasonable farmer in the region concerned.
- Member States shall set out verifiable standards in their rural development plans. These standards shall at least entail compliance with relevant environmental legislation.

All farmers receiving agri-environmental or less-favoured area support must also comply with the verifiable standards of Good Farming Practice listed below. The standards were selected for their relevance to the current environmental problems and have been prepared to ensure that they are clear and practical for farmers to adopt, whilst also straightforward to control.

Based on the provisions of Article 4 of the Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources and in co-operation with scientists, advisors and administration Estonia has also prepared the Code of Good Agricultural Practice (issued in 2001), defining the generally recognised production techniques and methods in agriculture, observance of which is to reduce the risk of environmental damage. A part of the Code is according to the article 5 (4) of the Council Directive 91/676/EEC obligatory in Nitrate Vulnerable Zones. In the rest of the areas the compliance with the Code is optional for farmers, but it is an additional source of technical information and guidance to support farmers in the implementation of Good Farming Practice.

Table 1. Environmental legislation and verifiable standards of Good Farming Practice

WATER PROTECTION	
Legislation	<p>Water Act (1994) - the purpose of the Water Act is to guarantee the purity of inland and trans-boundary water bodies and ground-water, and ecological balance in water bodies.</p> <p>Among others, the Water Act has been harmonised with the following EU acts:</p> <ul style="list-style-type: none"> • Directive 2000/60/EC of the European Parliament and of the Council of establishing a framework for Community action in the field of water policy; • Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources; • Council Directive 76/464/EEC on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community.

Verifiable Standards	<p>1. Up to 170 kg of N per year on an average may be applied with manure on a hectare of cultivated area.</p> <p>2. It is prohibited to use organic and mineral fertilizers from 1 November to 31 March unless the date has been otherwise specified in Water Act.</p> <p>3. If more farm animals than 10 LU are, the farm should have a manure or liquid manure storage facility of which the storage capacity must be the stocks of at least eight months. If the manure storage facility belongs to a farm building in use before 1 January 2002 and located in Nitrate Vulnerable Zones, the requirement should be met by 31 December 2008. Beyond the Nitrate Vulnerable Zones, the requirement should be met by 1 January 2010. In cowsheds where deep litter is used, there is no need for a manure or liquid manure storage facility.</p> <p>4. Surface spreading of fertilizer is prohibited on an area of more than 10% slope which is under cultivation and vulnerable to nitrate pollution.</p> <p>5. As regards water body's a dunghill cannot be closer than 100 m from water boundary.</p>
SOIL PROTECTION	
Legislation	<p>The Water Act has <i>inter alia</i> been harmonized with the Council Directive 86/278/EEC on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture.</p>
Verifiable Standards	<p>6. Agricultural producer should keep a field book.</p> <p>7. The user of wastewater sediment is obliged to enter the data on sediment use into the field book.</p> <p>8. It is not allowed to use untreated wastewater sediment in agriculture. The user of wastewater sediment should have a document describing the</p>

	<p>way of wastewater sediment treatment available for on-the-spot checks in an economic entity.</p> <p>9. It is prohibited to use treated wastewater sediment on vegetables, berries or medicinal and aromatic herbs growing area.</p>
PLANT PROTECTION	
Legislation	<p>Plant Protection Act (2004) provides the plant health requirements and the requirements for pesticides to ensure the protection of people and animals, as well as the requirements for plant protection equipment and the bases and scope for state supervision.</p> <p>Among others, the Plant Protection Act has been harmonised with the following EU act:</p> <p>Council Directive 91/414/EEC on the placing of plant protection products on the market and the thematic strategy on the sustainable use of pesticides.</p>
Verifiable Standards	<p>10. The plant protection equipment used must be inspected every three years; inspection shall check the compliance of the equipment's technical condition with requirements.</p> <p>11. The user of the plant protection product in the case provided in the decision to admit the plant protection product to the market, should be adequately trained and have a plant protection certificate</p>
GRASSLAND MANAGEMENT	

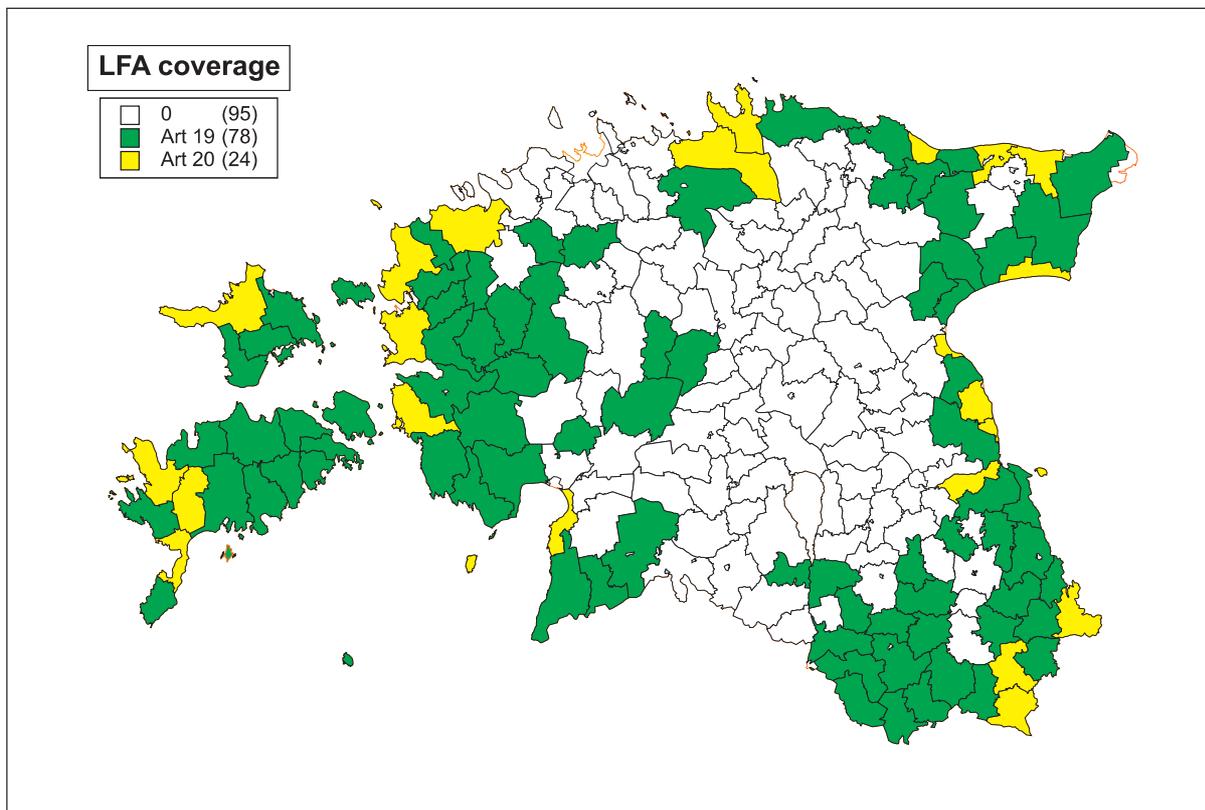
Verifiable Standards	12. Grassland should be mowed at least once or grazed before 31 July. By 31 July at the latest, the mown grass should be removed or chopped. Grazing and mowing is not required in establishing year of grassland, in grassland for a seed production and in semi-natural habitats.
BIOLOGICAL AND LANDSCAPE DIVERSITY	
Legislation	<p>Nature Protection Act (2004) – the purpose of the act is:</p> <ol style="list-style-type: none"> 1) to ensure the favourable conservation status and diversity of nature; 2) to maintain natural environment of cultural-historical value and inhabitable for humans, or its elements; 3) to support the sustainable use of natural resources. <p>Among others, the Nature Protection Act has been harmonized with the following EU acts:</p> <p>Estonia will apply the provisions of the directives that serve as the basis for the NATURA network of the EU Member States:</p> <ul style="list-style-type: none"> • Council Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna; • Council Directive 79/409/EEC on the conservation of wild birds.
Verifiable Standards	<p>13. It is completely prohibited to burn straw and it is not allowed to burn dead grass during the fire-risk period.</p> <p>14. It is prohibited to use fertilizers and plant protection products on natural grasslands.</p>

ANIMAL WELFARE	
Legislation	Animal Protection Act (2001) is to protect animals living in natural or artificial conditions from human violence.
Verifiable Standards	15. A keeper of animals should ensure the availability of feed and drinking water to the animals kept in his business entity.
OTHER STATUTORY REQUIREMENTS AND VERIFIABLE STANDARDS	
Legislation	<p>Waste Act (1998) provides general requirements for prevention of waste generation and health and environmental hazards arising from waste generation and for organisation of waste management with the objective to reduce the harmfulness and quantity of waste and to prescribe liability for violation of the established requirements.</p> <p>Among others, the Waste Act has been harmonized with the following EU act:</p> <p>Council Directive 75/442/EEC on waste.</p> <p>Integrated Pollution Prevention and Control Act (2001) determines the environmentally hazardous activities and lays down the bases for the integrated prevention and control of pollution arising from such activities, in order to prevent or reduce the harmful effect of human activity on the environment.</p> <p>Among others, the Integrated Pollution Prevention and Control Act has been harmonized with the following EU act:</p> <p>Council Directive 96/61/EC concerning integrated pollution prevention and control (IPPC Integrated Pollution Prevention and Control).</p>

	<p>Environmental Impact Assessment and Environmental Auditing Act (2000) provides the legal basis for and the procedure for the conduct of assessments of likely environmental impact and environmental audits, in order to prevent environmental damage.</p> <p><i>Among others, the Environmental Impact Assessment and Environmental Auditing Act has been harmonized with the following EU act:</i></p> <p>Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment.</p>
<p>Verifiable Standards</p>	<p>16. Each keeper of animals is required to keep records of medicinal products administered to farm animals.</p> <p>17. Each keeper of animals is required to maintain records concerning their farm animals, including the register of dead animals.</p>

ANNEX 2**Less-favoured areas and areas
with environmental restrictions****Table 2. Less-favoured areas**

County	Art 19	Art 19 (complies also Art 20)	Art 20
Harjumaa	Anija, Kernu		Kuusalu, Loksa, Padise
Hiiumaa		Emmaste, Kõrgessaare, Käina, Pühalepa	
Ida-Virumaa	Avinurme, Maidla, Sonda	Iisaku, Illuka, Lohusuu, Lügánuse, Tudulinna, Vaivara	Alajõe, Aseri, Kohtla, Toila
Jõgevamaa		Pala	Kasepää
Järvamaa	Türi		
Läänemaa	Kullamaa, Oru, Risti, Taebla	Lihula, Martna, Nõva, Vormsi	Hanila, Noarootsi, Ridala
Lääne-Virumaa		Vihula, Viru-Nigula	
Põlvamaa	Kanepi, Mooste, Orava, Valgjärve, Vastse-Kuuste, Veriora	Mikitamäe, Rápina	Värská
Pärnumaa	Are, Koonga, Vändra	Audru, Häädemeeste, Saarde, Tali, Tõstamaa, Varbla	Kihnu, Tahkuranna
Raplamaa	Kohila, Káru, Märjamaa, Vigala		
Saaremaa		Kaarma, Laimjala, Leisi, Lümanda, Muhu, Mustjala, Orissaare, Pihtla, Põide, Ruhnu, Torgu, Valjala	Kihelkonna, Kärla, Salme
Tartumaa		Meeksi, Vara, Võnnu	Alatskivi, Mäksa, Peipsiääre, Piirissaare
Valgamaa	Karula, Puka, Põdrala, Sangaste, Taheva, Tõlliste		
Viljandimaa			
Võrumaa	Antsla, Haanja, Lasva, Mõniste, Rõuge, Sõmerpalu, Urvaste, Varstu	Meremäe	Misso, Vastseliina
TOTAL 101	37	41	23

Map1. Proposal of less favoured areas and areas with environmental restrictions

Map 2. The NATURA areas

