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COVER NOTE

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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject:	Proposal for a COUNCIL IMPLEMENTING DECISION amending Implementing Decision (EU) (ST 12532/21 INIT; ST 12532/21 ADD 1) of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia

Delegations will find attached document COM(2025) 644 final.

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Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 12532/21 INIT; ST 12532/21 ADD 1) of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia

{SWD(2025) 337 final}

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amending Implementing Decision (EU) (ST 12532/21 INIT; ST 12532/21 ADD 1) of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Estonia on 18 June 2021, the Commission proposed its positive assessment to the Council. On 29 October 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 29 October 2021')². The Council Implementing Decision of 29 October 2021 was amended by Council Implementing Decision of 16 June 2023³.
- (2) On 2 October 2025, Estonia made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 29 October 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. On that basis, Estonia has submitted an amended RRP.

Amendments based on Article 21 of Regulation (EU) 2021/241

- (3) The amendments to the RRP submitted by Estonia because of objective circumstances concern 41 measures.
- (4) Estonia has explained that three measures are no longer achievable, because of changed market demand. This concerns measure 1.3 (Development of digital waybills services), measure 2.7 (Creating opportunities for the uptake of renewables-based green hydrogen technologies), and measure 4.7 (Pilot Energy Storage Programme).

¹ OJ L 57, 18.2.2021, p. 17, ELI: <https://eur-lex.europa.eu/eli/reg/2021/241/oj>

² ST 12532/21 INIT; ST 12532/21 ADD 1; ST 12532/21 ADD 1 COR 1; ST 12532/21 ADD 1 COR1 REV1 at <http://register.consilium.europa.eu>

³ ST 9367/23 INIT; ST 9367/23 ADD1 REV1 of 16 June 2023 at <http://register.consilium.europa.eu>

On this basis, Estonia has requested that those measures be amended. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

- (5) Estonia has explained that three measures have been amended to implement better alternatives in order to achieve their original ambition. This concerns measure 2.6 (Green Fund), measure 4.4 (Boosting the green transition in the energy economy) and measure 6.6 (Providing labour market measures to reduce youth unemployment). On this basis, Estonia has requested to amend the aforementioned measures. As those circumstances justify an amendment of the measures, the Council Implementing Decision of 29 October 2021 should be amended accordingly.
- (6) Estonia has explained that 33 measures have been amended to implement better alternatives that allow the administrative burden to be reduced and simplify the Council Implementing Decision, while still achieving the objectives of those measures. This concerns measure 1.1. (Digital transformation in enterprises), measure 1.2. (Development of e-construction), measure 1.4. (Skills reform for the digital transformation of businesses), measure 1.5. (Supporting the competitiveness of enterprises in foreign markets), measure 2.2. (Green skills to support the green transition of enterprises), measure 2.3. (Green technologies development programmes), measure 2.4. (Modernisation of the business models in manufacturing companies), measure 2.5. (Deployment of resource-efficient green technologies), measure 2.8. (Supply Security Investment Support), measure 3.1. (Creation and development of a centre of excellence for data governance and open data), measure 3.2. (Development of event services and proactive digital public services for individuals), measure 3.3. (Development of event services and digital gateway for entrepreneurs), measure 3.4. (#Bürokratt programme (national virtual assistant platform and ecosystem)), measure 3.5. (Reconfiguration of basic digital services and safe transition to cloud infrastructure), measure 3.6. (Establishing the strategic analysis of money laundering and terrorist financing in Estonia), measure 3.7. (Information system for real-time strategic analysis of money laundering and terrorist financing), measure 3.8. (Construction of very high capacity broadband networks), measure 4.1. (Energy efficiency promotion), measure 4.2. (Support for the renovation of apartment buildings), measure 4.3. (Support for the renovation of small residential buildings), measure 4.5. (Programme to strengthen the electricity grid to increase renewable energy production capacity and adapt to climate change (such as protection against storms)), measure 4.6. (Programme to boost energy production in industrial areas), measure 4.8. (Boosting offshore wind farms development), measure 5.1. (Deploy safe, green, competitive, needs-based and sustainable transport and energy infrastructure), measure 5.2. (Multifunctional work vessel), measure 5.4. (Construction of the Tallinn Old Port tram line), measure 5.5. (Municipalities' investments in bike- and walkways), measure 6.1. (A comprehensive change in the organisation of health care in Estonia), measure 6.2.a (Construction of TERVIKUM), measure 6.8. (Long-term care), measure 8.1. (Facilitating the deployment of renewable energy sources), measure 8.2. (Programme to increase the access of renewable energy production to the electricity distribution network), measure 8.3. (Increasing production and uptake of sustainable biogas and biomethane). On this basis, Estonia has requested that those measures be amended. The Council Implementing Decision of 29 October 2021 should be amended accordingly.
- (7) Following the decrease in the level of implementation of measures in accordance with Article 21 of Regulation (EU) 2021/241, Estonia has requested to use the resources freed up by the decrease in the level of implementation of measure 2.7. (Creating

opportunities for the uptake of renewables-based green hydrogen technologies) to add one new measure 5.3.b. (Renovation of a section of the railway from Rapla to Lelle) and increase the level of implementation of one measure. This concerns measure 5.3.a (Construction of the Rail Baltic viaducts). On this basis, Estonia has requested that the level of implementation of one measure be increased and that one new measure be added. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

Distribution of milestones and targets

- (8) The distribution of milestones and targets in instalments should be amended to take into account the amendments to the RRP and the indicative timeline presented by Estonia.

Commission's assessment

- (9) The Commission has assessed the amended RRP against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.
- (10) The Commission considers that the amendments put forward by Estonia do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 29 October 2021 regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241 points (a), (b), (c), (da), (db), (f), (g), (h), (j) and (k).

Do no significant harm

- (11) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the amended RRP is expected to ensure that no measure (rating A) for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council (the principle of 'do no significant harm').
- (12) The amended RRP assesses compliance with the 'do no significant harm' principle following the methodology set out in the technical guidance provided in the Commission Notice entitled 'Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation'⁴. The assessment is done systematically for each modified reform and investment following the two-step approach. The assessment concludes that for all modified measures and the new measure, there is no risk of significant harm. Where needed, the requirements of the 'do no significant harm' assessment are enshrined in the design of a measure and specified in a milestone or target of this measure. Based on the information provided, it can be concluded that no measure does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.

Contribution to the green transition including biodiversity

- (13) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the amended RRP contains measures that contribute to a large extent (rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 49% of the amended RRP's total allocation

⁴ OJ C 58, 18.2.2021, p. 1

and 78% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of Regulation (EU) 2021/241, the amended RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.

- (14) The modified RRP continues to put emphasis on developing new green technologies in strategic areas such as energy. It also continues to support the transition of companies from fossil energy to alternative energy sources, and it focuses on increasing the share of sustainable mobility. It contributes to the attainment of the 2030-2050 targets and the objective of EU Union climate neutrality by 2050 by expanding the length of Estonia's rail network that is electrified and making public transport in Tallinn, including accessing the airport, more comprehensive and convenient.
- (15) The modified RRP introduces a financial instrument for measure 2.6 (Green Fund) along with a modification of respective indicators. This modification leads to the reduction of the overall proportion of funds supporting climate objectives. In addition, the reduction of the targets under measure 2.7 (Creating opportunities for the uptake of renewables-based green hydrogen technologies) also reduces the climate contribution. This is partly compensated by the increase in the ambition of the measure 5.3.a (Construction of the Rail Baltic viaducts) and the introduction of measure 5.3.b (Renovation of a section of the railway from Rapla to Lelle). In total, the requirement for the climate tagging will be ensured by the modified RRP as a whole and remains largely above 37%.

Costing

- (16) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the amended RRP on the amount of the estimated total cost of the RRP is to a medium extent (rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.
- (17) According to the information provided, the assessment of the cost estimates for the revised investments show that most of the costs are reasonable and plausible even though the evidence shows varying degrees of details and depth of calculations. Furthermore, the changes in the cost estimates for amended measures were justified and proportional and as such the reasonability and plausibility of these cost estimates were not altered compared to the original RRP. Finally, the estimated total costs of the modified RRP are in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.
- (18) Since the previous assessment, the Commission has had access to information on the Estonia audit and control system's actual implementation. This includes the findings of the audit on the protection of the financial interests of the Union performed by the Commission in Estonia.
- (19) In light of this information, the Commission considers that the internal control system of the Estonia RRP is overall adequate.

Measures supporting investment operations contributing to the objectives of the Strategic Technologies for Europe Platform (STEP)

- (20) In accordance with Article 4(4) of Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP)⁵, Estonia considered as a matter of priority projects that have been awarded a Sovereignty Seal pursuant to Article 4(1) of Regulation (EU) 2024/795. However, Estonia considered that no project having been awarded a Sovereignty Seal was to be included in the amended RRP because such projects are generally large-scale and long-term in nature, requiring an implementation period that exceeds the timeframe allowed under the RRF.

Positive assessment

- (21) Following the positive assessment by the Commission of the amended RRP, with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the amended RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the amended RRP should be set out.
- (22) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty.

Financial contribution

- (23) The estimated total costs of Estonia's amended RRP is EUR 953 380 000. As the amount of the estimated total cost of the amended RRP is higher than the updated maximum financial contribution available for Estonia, the financial contribution determined in accordance with Article 4a of Regulation (EU) 2021/1755 of the European Parliament and of the Council⁶, and with Article 20(4) and Article 21a(6) of Regulation (EU) 2021/241 that is allocated for Estonia's amended RRP should be equal to EUR 953 184 800. Therefore, the financial contribution made available to Estonia remains unchanged.

HAS ADOPTED THIS DECISION:

Article 1

Approval of the assessment of the RRP

The assessment of the amended RRP of Estonia on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved.

⁵ OJ L, 2024/795, 29.2.2024

⁶ Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1755/oj>).

Article 2
Amendments

The Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia is amended as follows:

the Annex to the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Estonia is replaced by the text set out in the Annex to this Decision.

Article 3
Addressee

This Decision is addressed to the Republic of Estonia.

Done at Brussels,

For the Council
The President