

Regional Outlook 2019

ESTONIA

Regional Development Policy in Estonia



General policy approach

Regional policy in Estonia focuses on the living and business environment in urban and rural areas, on better using regional assets, and on promoting a greater cohesion and development capacity among regions. Regional policy is managed by the Ministry of Finance. Compared to the previous national regional policy, there has been a shift from infrastructure and public services towards a stronger emphasis on economic development and employment based on regional strengths. Some examples include: a new regional competence centres programme; programmes for developing the competitiveness of regions and supporting regional entrepreneurship; and employment development initiatives.

Specific urban development policy instruments focus on sustainable transport and revitalising urban public spaces.

National regional policy for rural areas seeks to improve local community-based developmental activities, access to services (including e-solutions), and jobs (including mobility/teleworking solutions). Municipal capacity building, through state and territorial administration reforms (i.e. recent mergers of municipalities) and trainings, is also in progress to better anticipate urgent challenges for territorial development.

Recent policy changes

- In 2014, the new Regional Development Strategy shifted the focus from infrastructure and public services to regional entrepreneurship and employment. This is to facilitate region-specific growth sectors, and put a greater emphasis on local capacity and cross-sectoral policy co-ordination. There is also a greater emphasis on rural-urban linkages, through co-operation, connections and joint planning aiming to make county centres stronger engines for the wider hinterlands in terms of jobs and service delivery.
- The Spatial Plan Estonia 2030+, enacted in 2012, aims to improve the environment in cities and sparsely populated areas, promoting multimodal transportation, and a mix of energy-savings and renewable energy use.
- A state and municipal administration reform is currently underway. The aim is to strengthen the efficiency of the public sector and administrative and developmental capacity of local governments in order to deal with future challenges. The main activities of the municipal reform were accomplished by the end of 2017. These include: reducing the number of municipalities from 213 to 79 through mergers, increasing the municipal income basis and extending their roles and tasks in the public administration structure. Additionally, former county governments were abolished and their functions transferred to local municipalities or the central government.

Institutional arrangements to prepare for global megatrends

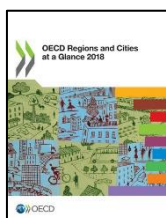
At the national level, the Strategy Unit, housed in the Government Office, is Estonia's centre-of-government long-term planning unit. The Strategy Unit is responsible for developing and implementing government action plans and strategic development plans to increase the country's competitiveness and sustainable development. For example, preparations are underway to develop a long-term strategic vision called Estonia 2035, to reduce bureaucracy, fragmentation and the number of government-level development plans. Estonia 2035 will take into consideration inputs from political and opinion leaders; top experts; and private, third and public sector organisations.

In addition, several plans guide national long-term strategic thinking around regional development. The National Regional Development Strategy (2014-20) outlines priority policy objectives for regional development. Such objectives include increasing opportunities for innovative solutions in local service provision, digitalising local public services, and developing smart cities. The Spatial Plan Estonia 2030+ defines the policies for sustainable and balanced national spatial development. It provides the basis for the preparation of county and comprehensive plans. Other documents include a national strategy and action plan for developing ICT and digital services in local municipalities, and the new National Strategy of Agriculture and Fisheries, which is currently being drafted.

At the subnational level, county governments develop long-term strategic county development strategies (ten-year plans) and county development plans. Such plans are developed jointly with local municipalities and the Ministry of Finance. Local government action plans (four-year plans) are also developed and serve as mid-term plans to country development strategies.

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<https://oe.cd/pub/2n9>

OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas

The 2019 edition of the *OECD Regional Outlook* examines the regional dimensions of global megatrends and their implications for the well-being of people living in different places. It discusses how place-based policies, public investment and multi-level governance reforms can respond to these megatrends to revive productivity growth, reduce inequalities, improve quality of life and increase sustainability.

Consult the full publication and the other country profiles on line: <https://oe.cd/pub/2vq>.

