

Targets and Reality in the Transport and Mobility Sector

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Summary

The National Audit Office has carried out almost a dozen audits in the transport and mobility sector in recent years. For this thematic annual report, we looked at progress towards achieving the sector's targets and which issues identified in the audits are still relevant and unresolved.

A common theme regarding the transport and mobility sector is ambitious targets and costly commitments that cannot realistically be met within the financial means of the state.

At least EUR 1.35 billion of additional funding is needed to meet current transport and mobility targets.

At least EUR 1.35 billion is needed over the period of 2026-2030 to maintain state roads, build new roads and railways and improve rail safety. That amount is even higher if Estonia receives less than the EUR 1.2 billion it has hoped for from the new EU budget to complete the construction of the first phase of Rail Baltica. There are limited means for additional funding of such a scale for transport and mobility over the given period, and other areas also need funding, such as healthcare, social security, etc. The limitation of means is illustrated by the fact that the state budget deficit is projected to reach the maximum allowable 4.5% of GDP in the next two years and 3.6% in 2029.

Certainly, some of the bottlenecks in the transport and mobility sector can be addressed by restructuring within the sector. At the same time, the targets and commitments outlined in this report are those where progress cannot be made without substantial additional funding.

National development plans and the targets set out should not be based on self-deception but realistically represent the country's priorities and present means. The targets in this area should be critically reviewed in light of the country's financial resources, and an assessment should be made on whether it is possible to achieve the longer-term targets, and if so, at what pace. It also needs to be assessed whether the target remains necessary and reasonable. Decisions are needed for clarity, predictability and transparency, and it would be sensible to formalise them in sectoral development plans and strategy papers.

The National Audit Office assessed the targets set in the development documents in the transport and mobility sector and the commitments made by the state and compared them with the financial resources set for the sector in the state budget strategy. In doing so, the National Audit Office relied on the calculations of the ministries and the relevant agencies on how much it would cost to achieve their targets and fulfil their obligations, and on the results of previous audits.

Completing the core road network by 2030 is still not realistic

TEN-T core network – the trans-European transport network, which in Estonia includes the Tallinn-Tartu section of the Tallinn-Tartu-Võru-Luhamaa highway and the Tallinn-Pärnu-Ikla highway. The TEN-T core network also includes the Rail Baltica railway.

Source: [European Union TEN-T Regulation](#)

1. At least EUR 300 million is still needed to complete the construction of TEN-T core network roads by the end of 2030. This is if the European Commission accepts Estonia's request to apply a derogation allowing the construction of some sections to be delayed by 20 years.

According to the European Union's Regulation on the development of the trans-European transport network (TEN-T Regulation), Estonia has the obligation to ensure that the TEN-T core network roads meet the requirements of the Regulation by 2030. The core network in Estonia includes 353 kilometres of roads, of which as of autumn 2025 133 kilometres are compliant and 49 kilometres are under reconstruction. There is not enough money and now, not enough time to build the roads of the core network to meet the requirements.

For at least 34% of the road sections, or 121 kilometres, the Ministry of Climate is planning to ask the European Commission for a derogation that would allow the deadline for their reconstruction to be postponed to the end of 2050. Without the derogation, it would cost between EUR 1.3 billion and EUR 1.9 billion to bring the entirety of these roads into compliance with the TEN-T Regulation, depending on whether they are built partially or fully as four-lane roads.

State roads are deteriorating

2. At least EUR 300 million is needed over the period of 2026-2029 to maintain the “good” condition of state roads. According to road roughness indicators, the condition of national roads in 2025 is good. According to the Transport Administration, the situation will deteriorate in the coming years, as it was not possible to invest in the maintenance of state roads to the necessary extent in previous years, and the gap between the need and actual funding will persist in the coming years. The Transport Administration estimates that just over EUR 213 million would be needed each year to maintain the roads, but the state budget strategy for the period 2026-2029 foresees on average around EUR 80 million less each year.

Dusty roads are here to stay

3. At least EUR 145 million is needed to meet the Transport and Mobility Development Plan's target of making all state-owned gravel roads with traffic above 50 cars per day dust-free by 2030. As of 2024, there are 1758 km of gravel roads with a daily traffic volume of more than 50 cars. The estimated cost of making the roads dust-free

Rail Baltica financing has many loose ends

is EUR 110,000 per kilometre. This translates into an average annual financing need of EUR 32.2 million from 2025-2030. However, an average of just EUR 9.7 million per year has been allocated or planned for the period of 2025-2029.

4. At least EUR 500 million is needed to complete the first phase of the Estonian part of the Rail Baltica railway. This is if Estonia manages to get EUR 1.2 billion from the new EU budget for 2028-2034. If less is received, the funds missing for the completion of Estonia's part of the first phase will increase further. If Estonia were to finance the completion of the whole of its first phase of Rail Baltica, there would be around EUR 1.7 billion missing. Last year, the estimated cost of the construction of the Estonian part of Phase I of the Rail Baltica project was estimated at EUR 3.1 billion (2023), but the Ministry of Climate now estimates the total cost of Phase I at EUR 3.6 billion. In addition to construction, this money is used for buying regional trains and the equipment needed to maintain them, to build a depot for the rolling stock and to pay the salaries of the people working on the project. The final verdict on how much Connecting Europe Facility funding will be available will be known by 2027 at the latest.

According to the project parties, the date for when the railway can be completed depends on whether sufficient funding can be secured on time. The timetable shows that the trains should start running in the year 2031, as confirmed by the parties.

Even though the construction of Rail Baltica has begun in Estonia and is progressing better than in Lithuania and especially Latvia, the completion of the entire Rail Baltica for full working order is unlikely by 2031. There is a greater chance of launching the Estonian part on time. The organisation of international freight and passenger transport along the entire Rail Baltica main line depends not only on the work done in Estonia, but also on the construction of the railway in Latvia and Lithuania.

Delay in safety investment holds back stable rail speeds of 160 km/h

The [Technical Regulation for Railways](#) lays down the requirements for travelling safely on the railway at speeds of up to 160 km/h.

Source: regulation No. 71 of the Minister of Economic Affairs and Infrastructure of 2023 "[Technical Regulation of Railways](#)".

5. At least EUR 90 million is missing from the investment needed to allow trains to run at speeds of up to 160 km/h between Tallinn and Tartu and Tallinn and Narva. Between 2024 and 2029, the infrastructure maintenance company AS Eesti Raudtee has made or planned investments of around EUR 570 million, which have been used to, among other things, upgrade safety systems and straighten the railway line.

However, making trains faster across the board poses additional demands on rail safety, which will not be met with the available funding. In order to allow trains to run at speeds of up to 160 km/h on the entire Tallinn-Tartu and Tallinn-Narva lines, level crossings are required to be brought up to date with the [Technical Regulation of Railways](#), waiting

Shortage of construction mineral resources allowed to be extracted may put pressure on the cost of infrastructure project

platforms should be reconstructed and the railway should be renovated. Just over EUR 90 million is missing for that. Allocating that sum before 2033 doesn't seem feasible at the moment.

Maintenance of existing railways increasingly needs state funding

It should be noted that according to Section 80 of the Railways Act, the difference between the **costs and revenue** of the railway infrastructure manager is to be compensated from the state budget.

Public transport is becoming increasingly expensive for the state

6. The problem is the shortage of reserves of extractable construction minerals, in particular the scarcity of limestone of suitable quality for road construction, in existing quarries.

According to forecasts made by the Ministry of Climate in 2025, the security of supply of some construction minerals in Harju, Rapla, Järva and Pärnu County remain below critical levels, but to date, not enough mining permits have been granted to extract the reserves in the necessary volume and at the rate needed for road and railway construction. At the same time, there is a shortage of alternative solutions to replace construction minerals. However, reserves of Estonia's construction minerals can only be used for infrastructure construction to the extent that they are allowed to be extracted.

In order to complete the already planned infrastructure in time, it is necessary either to open new quarries, to expand existing ones or to use more alternative solutions in the coming years. Otherwise, there is a risk that to complete infrastructure projects on time, construction minerals will have to be imported into Estonia, which would raise construction prices.

7. The difference between costs and revenues paid from the state budget to AS Eesti Raudtee in order to maintain the existing railway infrastructure has increased year on year. The reason for the increase in the subsidy paid by the state is that AS Eesti Raudtee's revenues, which are mainly from freight transport, have decreased significantly compared to a decade ago due to the decline in freight transport. At the same time, however, costs have increased, mainly due to higher speeds, electrification and increased passenger traffic. While just over EUR 17 million was granted in 2020, the forecast for 2030 is EUR 42 million.

Although the transport and mobility development plan aims to increase the share of rail freight compared to road freight to 40% by 2035, the 2024 transport results report states that this target will not be met. Rail freight volumes have been declining rather steadily over the last decade, falling to 12% in 2024.

8. The state budget strategy for 2026-2029 foresees at least EUR 210 million in additional funding for the period of 2027-2029 to ensure that state-funded public transport services are maintained at their current level. Although the state target has been to increase the share of working people among public transport users, according to Statistics Estonia, their use of public transport has decreased over the last decade. According to satisfaction surveys, the main problem for

people using public transport is that the timetables and routes do not match their real needs. Unfortunately, little research has been done on the needs of people who do not use public transport at all.

At the same time, support for public transport from the state budget has been increasing year by year and will continue to grow in the future. In 2024, the state subsidised regional bus transport from the state budget with approximately EUR 72 million, but according to the forecast of the Ministry of Regional Affairs and Agriculture, this will increase to approximately 87 million euros by 2029, and in the future, subsidies for all other modes of transport will also need to be increased.

Subsidies paid by the state for rail passenger transport have also increased. Between 2020 and 2024, passenger numbers have increased by almost 32%, whereas subsidies have increased even faster, by more than 50%.

From 2031 onwards, Rail Baltica should offer passenger transport on new railways as well. According to preliminary estimates by AS Eesti Liinirongid, regional passenger transport on the Rail Baltica will need EUR 10-15 million in subsidies every year. According to the calculations carried out by Rail Baltica Estonia which were based on the data from the cost-benefit analysis of the project, the costs of the infrastructure manager also need to be subsidised by a similar amount, i.e. EUR 10-15 million per year, at least for the first three years.

The core problem is that the Ministry of Regional Affairs and Agriculture has not defined what a sustainable public transport service should be in the sense of meeting the mobility needs of passengers and being reasonable in relation to the state budget. Decisions should be taken on where and how many people should be reached by the public transport service, and how often should at least a minimum level of transport service be offered.

Road safety has not improved as much as expected recently

9. The number of fatalities and serious injuries on the roads is on the rise, but the preventative actions expected to have the greatest impact on improving road safety have so far failed to be implemented at the scale and pace planned. The year 2024 stands out as one of the worst years for road fatalities in the last decade. While targets have been set to improve road safety by reducing the three-year average of fatalities and serious injuries year by year, these figures have not improved as much as expected since 2020.

The road safety programme ending this year has not seen results so far. Although measures and activities have been included in the implementation plans over the years to achieve the targets of the programme, in many cases there has been no financial coverage to carry them out as planned. Consistently, the plans have also included actions that have lacked political support and have therefore also not been

Construction of new ferry delayed, costs rising

implemented. In situations where measures to improve road safety have not been financially or politically supported, other measures should be proposed or ways to improve existing measures should be sought.

10. There is still a lack of competition in the procurement of ferry services to our bigger islands, and delays in the construction of a new ferry increase service costs. In 2022, the state decided not to buy four ferries from a subsidiary of the Port of Tallinn. At the time, the Ministry of Economic Affairs and Communications was convinced that "the maritime industry was undergoing the biggest change in technology since the invention of the steam engine", and decided that there was no point in buying the ferries, which would have needed electric and hydrogen conversion due to more rigorous environmental requirements.

Already during the discussions on the ferry buy-outs, the National Audit Office drew the Ministry's attention to the fact that the information provided to the government did not really allow for an overall assessment of the costs of the alternatives and was not sufficient to decline to buy the ferries. For example, in its calculations, the Ministry had made the alternative of the buy-out right significantly more expensive by including unreasonable assumptions.

We are now in a situation where there are no state-owned ferries and no competition for the ferry service (the recent tender did not bring any new service providers), as the too short contract period does not encourage outsiders to build new vessels or rebuild existing ones.

Another problem is that the fifth ferry, Regula, which is currently used as a back-up, will reach the end of its service life in 2027. The new fifth ferry, procured by the state, was due to be completed by the start of the new contract period in 2026, but its procurement has repeatedly failed. The Ministry of Climate Action estimates that the fifth ferry will start sailing in 2028 at the earliest. In the meantime, however, a back-up vessel will have to be provided, either by repairing the Regula or hiring a ferry from elsewhere. All this increases the price of the ferry service.

In summary, it is clear that not all the targets set can be achieved with the available funding and given the state's capacity. Therefore, it is important that the Government of the Republic, in cooperation with the Riigikogu, decides which goals must be achieved, by what deadline and with what funding, where expenses can be cut and how more time can be bought regarding this issue. It is also important to determine how these decisions will affect our railways, public transport and traffic in a year or ten years' time. Furthermore, the effects of implementing or not implementing the measures on Estonia's development, including regional development, employment and competitiveness, must also be determined.

/signed digitally/

Janar Holm
Auditor General

Table of contents

| | |
|--|----|
| Transport and mobility problems have mostly worsened over time. | 9 |
| A lot of loose ends are still present in the funding of the Rail Baltic project and in train procurement | 10 |
| Existing railways increasingly need state funding | 15 |
| Completion of TEN-T by 2030 is still not realistic | 17 |
| The number of road fatalities and serious injuries has not decreased at the desired pace | 19 |
| State roads are deteriorating | 23 |
| Longer transport distances of mineral resources for road and rail construction increase transport costs and make projects more expensive | 25 |
| State-funded public transport is increasingly expensive and funding policies are uneven | 29 |
| Tenders for ferry services to the big islands remain uncompetitive and delays in the construction of a new ferry is increasing the cost of the service | 34 |
| National Audit Office reports October 2024-October 2025 | 37 |

Transport and mobility problems have mostly worsened over time.

For your information:

The EU TEN-T Regulation stipulates, among other things, that by 31 December 2030

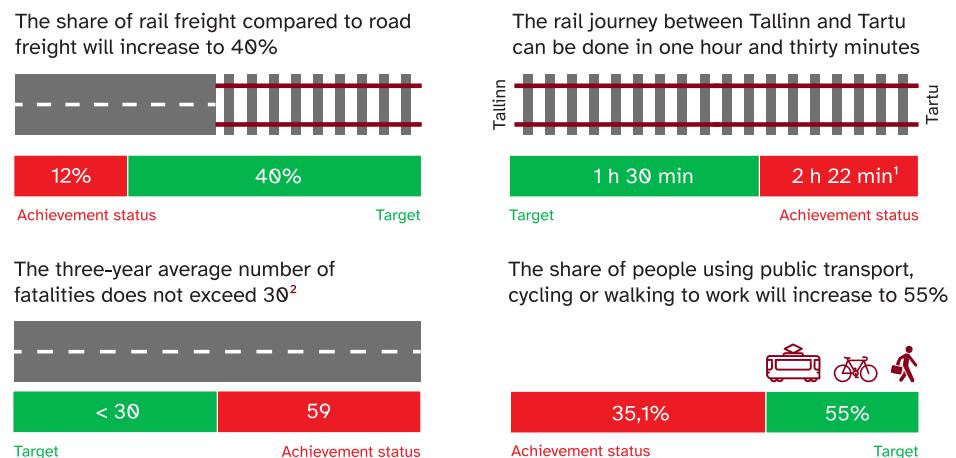
- there must be separate carriageways for each direction of traffic separated from each other on the core network;
- the core network roads should not cross at grade level with any road, railway, tramway track, bicycle path or footpath.

Source: [TEN-T Regulation](#)

1. According to the European Union's regulation on the development of the trans-European transport network, or TEN-T regulation, the Rail Baltica railway line must be completed by the end of 2030 and the Tallinn-Tartu section of the Tallinn-Tartu-Võru-Luhamaa highway and the Tallinn-Pärnu-Ikla highway must be brought into compliance with the requirements of the regulation.

2. The Ministry of Climate has also set a number of transport and mobility related targets in various development plans and programmes. The targets foreseen in the development plan for transport and mobility for 2035 are shown in Figure 1.

Figure 1. Transport and mobility development plan targets for 2035 and their achievement as of 2024.



Source: National Audit Office based on the [Transport Performance Report 2024](#)

3. Regarding roads, the current development plan has also taken over the target of the previous development plan to put a dust-free coating on all state-owned gravel roads with traffic above 50 cars per day by 2030. By the end of 2024, 1,758 kilometres of roads still needed to be paved.

4. In addition, the Ministry of Climate has set a number of broader targets in the development plan:

- in order to reduce the extraction of construction minerals, the use of alternative construction materials such as oil shale mining waste

¹ According to the Ministry of Climate's Transport Performance Report 2024, the journey between Tallinn and Tartu took less than two hours in 2022. According to the Ministry, this situation will be restored by 2026, when major construction works are completed.

² According to the draft Road Safety Programme 2026-2035, the strategic target for 2035 is to have an average of no more than 22 road fatalities between 2033 and 2035.

and construction and demolition waste in infrastructure construction should be increased, including their use in public infrastructure projects where requirements allow for it;

- level crossings should be made safer when increasing the speed of trains on the railways.

Funding is scarce for achieving these targets

5. However, the implementation of all these targets places a considerable burden on the state budget, and their common characteristic is that they don't correspond with the available funding. A total of at least EUR 1.35 billion is needed to maintain state roads, build new roads and railways and improve railway safety over the period of 2026-2030. The amount is even higher if Estonia receives less than the EUR 1.2 billion it hopes to receive from the new EU budget for the completion of the first phase of Rail Baltica.

6. Over the years, the National Audit Office has repeatedly reported on transport and mobility issues in its audits and reviews. In this report, the National Audit Office outlines the status of the main problems highlighted in these reports and the most important developments and points of issue in the field in 2025.

7. A summary of other work carried out by the National Audit Office in 2025 is presented in the chapter "National Audit Office Reports 10.2024-10.2025".

A lot of loose ends are still present in the funding of the Rail Baltica project and in train procurement

8. The National Audit Office has repeatedly drawn attention to problems in the implementation of the Rail Baltica project, including the failure to meet deadlines, the increasing need for and the potential shortfall in funding. As early as 2017, the National Audit Office pointed out that the Baltic countries should be prepared for a situation where the implementation of the project turns out to be more expensive than planned and more money has to be allocated from the state budget.

9. In 2019, for example, it was not yet clear who would decide what measures to take if the construction of the railway became significantly more expensive or the deadlines could not be met. By 2021, it was clear that the completion of the railway by the end of 2026 was not realistic. At the same time, the Ministry of Economic Affairs and Communications, which was responsible for implementing the project at the time, and OÜ Rail Baltic Estonia confirmed during the audit that the target of completing the railway by 2026 was still valid. The fact that the deadline would be postponed was announced publicly shortly before the publication of the National Audit Office's report.

Rail Baltica construction has become much more expensive

10. In 2024, the supreme audit institutions of the three Baltic countries acknowledged that project management had become clearer in a joint review. However, in the same year, a new cost-benefit analysis of the project was carried out, which showed that the estimated cost of the full construction of the railway had increased more than four-fold compared to the previous analysis in 2017 – from almost EUR 6 billion to EUR 24 billion (see also Figure 2).

11. The project parties, under the responsible ministries of the three countries and in consultation with the European Commission, therefore decided to split the project into two parts: Phase I and Phase II. For example, in Phase I of the project, only one pair of tracks will be completed in Estonia instead of two, the local stations will not be built in full scale, and outdoor areas such as car parks and landscaping are constructed at a reduced volume. More than ten viaducts will also not be built, which means that at these places, nearby roads must be used to cross the railway.

12. Under the new plan, the deadline for the completion of Phase I is set as 2030 by the European Union TEN-T Regulation. According to the timetable, trains should start running in 2031.

13. However, according to the parties involved in the project, the timetable for the project and whether the railway can be completed within the timeframe foreseen in the regulation depends directly on whether sufficient funding can be obtained in time.

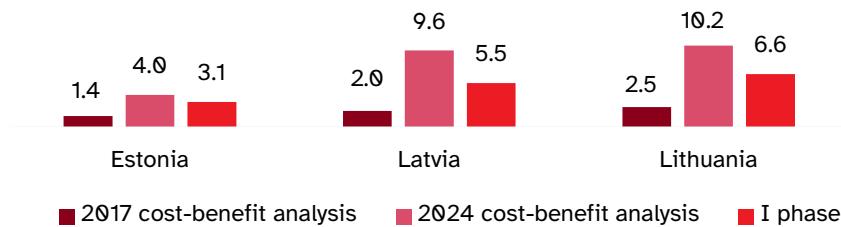
14. According to AS RB Rail, the Riga-based company coordinating the whole project, the completion of the first phase of Rail Baltica by 2030 requires the implementation of measures to speed up progress and the allocation of additional funding. Without those, it is unlikely that the construction works of Phase I will be completed in all three Baltic States by 2030 in such a way that international freight and passenger transport can be organised along the entire length of the main Rail Baltica route, from Tallinn to the Lithuanian-Polish border. However, OÜ Rail Baltic Estonia estimates that the Estonian part of Rail Baltica Phase I can be completed by that time and passenger transport there can start in 2031.

15. In 2024, OÜ Rail Baltic Estonia estimated the cost of the construction of the Estonian section of the Rail Baltica Phase I at EUR 3.1 billion³ (see also Figure 2).

The total cost of Phase I of the Estonian part of the Rail Baltica project is EUR 3.6 billion, of which nearly half is without concrete funding

³ in 2023 prices.

Figure 2. Growth of Rail Baltica construction budget*, in EUR billion



* Budgets include different cost components and are therefore not strictly comparable.

Source: National Audit Office based on the 2017 and 2024 cost-benefit analyses of the Rail Baltica project and data from OÜ Rail Baltic Estonia

16. According to the Ministry of Climate, the cost of the construction will be EUR 3.1 billion in autumn 2025, but in addition to the construction, other expenses will also arise in Phase I of the project. Among other things, it is necessary to acquire a rolling stock for regional passenger services, to build a depot to service it and to procure the maintenance and repair equipment for the infrastructure and rolling stock, and to pay the involved staff. The total cost of Phase I is estimated to be EUR 3.6 billion, according to estimates from 26 September 2025 by the Ministry of Climate.

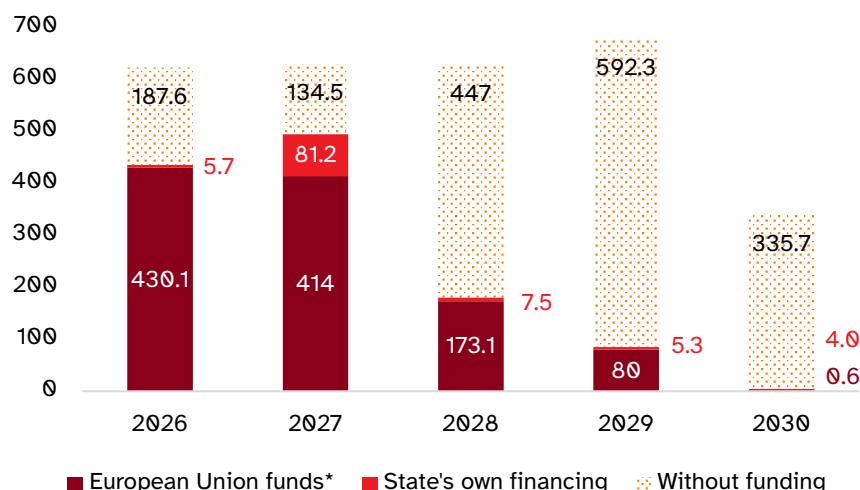
For your information:

the Rail Baltica project has been financed mainly from the following sources between 2014 and 2025:

- Connecting Europe Facility – EUR 440 million;
- Revenue from the sale of CO₂ quotas – EUR 138 million;
- Recovery and Resilience Facility – EUR 63 million;
- State's own financing – EUR 44 million.

Source: Ministry of Climate

17. Around EUR 700 million has been allocated for the Rail Baltica project in Estonia for the period 2014-2025. Around EUR 1.2 billion is planned in the draft state budget for 2026 and in the state budget strategy for 2026-2029. According to the autumn 2025 estimate of the Ministry of Climate, around EUR 1.7 billion is still needed for Phase I of the railway (see Figure 3).

Figure 3. Planned funding and expected additional funding per year for the Estonian part of Rail Baltica Phase I⁴, in EUR million

⁴ According to the Ministry of Climate, the distribution of funding by year will still change during budget negotiations, but the totals are correct as of autumn 2025.

* Connecting Europe Facility (including expected funding from the pending contract), Structural Funds, proceeds from the sale of CO₂ quotas (including funds allocated for Estonia's co-financing), Recovery and Resilience Facility

Source: National Audit Office based on data from the Ministry of Climate

The Ministry of Climate sees the European Union budget as the main source of funding for the completion of Rail Baltica Phase I.

18. The bulk of the missing funding in the next EU budget period 2028–2034, is also expected from the Connecting Europe Facility. The Ministry of Climate expects to receive a bit over EUR 1.2 billion from the fund between 2028 and 2030, which is almost as much as the Estonian parties have received from the fund in total in the last two budget periods.

19. On 27 May 2025, the three Baltic States made a joint declaration to the European Commission stating that the completion of Phase I of Rail Baltica would require EUR 10 billion from the Connecting Europe Facility in the next budget period. So far, the three countries have received a total of just over EUR 4 billion over the two budget periods.

20. The final decision on the volume that the Connecting Europe Facility will continue financing the project in will be made during the European Union budget negotiations in 2027 at the latest. However, according to the European Commission's Directorate-General for Mobility and Transport, the competition for funding in the next funding period will increase, as the TEN-T core network must be completed by 2030 and all major projects are seeking funding.⁵

21. Negotiations on the European Union budget also determine the level of the required co-financing, i.e. the part that countries have to contribute. For this budget period, the co-financing rate for the Connecting Europe Facility has been 19% of the cost of construction and 15% of the cost of other activities. Assuming the same principles continue, Estonia should expect to have to co-finance around EUR 180–228 million in the next budget period, as part of the total shortfall related to the project.

22. Past practice also shows that payments are usually not made in the first year of an EU budget period. Therefore, the Ministry of Climate should develop a plan to secure the necessary funding for the development of Rail Baltica in 2028, when EU funds will not yet be available.

23. Even if all the desired funding from the new EU budget is secured, the Estonian part of the project is still at least EUR 500 million short for the financing of the first phase, including the state's own contribution (co-financing). The Ministry needs to find solutions for this.

⁵ See also the Estonian, Latvian and Lithuanian National Audit Office's 2024 review of the Rail Baltica project.

Procurement of regional trains is under way, but there is uncertainty about other trains.

24. When the Rail Baltica is completed, passenger services should operate in three ways: a regional line, a fast international line and a night train with sleeping carriages. The regional passenger services will be organised by AS Eesti Liinirongid, which is already operating in Estonia. There are no concrete plans for the other two at the moment.

25. AS Eesti Liinirongid has already made preparations to purchase regional trains, i.e. trains that will run within Estonia and also stop at the local stations. The technical characteristics of the trains also allow them to travel to neighbouring countries and their maximum speed is projected to be 200 km/h.

26. According to the initial timetable, the procurement contract was to be signed in December 2025, so that regional trains could start running by December 2030. The period from entering into the contract to the start of the service was therefore five years. As the decision to buy the trains has been delayed by the Government of the Republic, the call for tenders has also been delayed and the signing of the contract has therefore been postponed until early 2026 at the earliest.

27. So-called international fast trains will run at the maximum speed of Rail Baltica, i.e. up to 249 km/h, stopping only at international stops. For Estonia, these are Ülemiste in Tallinn and in Pärnu. For this type of passenger service, there are two main options – a passenger transport company either starts to operate the service with existing trains that are currently running in another countries or orders new trains.

28. If the international transport operator – whether an existing company or a new one set up in the Baltic States – needs to purchase new trains, it likely takes them also around five years to do so. However, if everything goes according to plan and the railway itself is completed by 2030, it is unclear at the present moment whether new trains will be needed for international fast passenger services. If trains have to be procured, it is unlikely that they would start running in 2031.

The completed Rail Baltica also needs to be maintained

29. In addition to the construction of the Rail Baltica railway, once the railway is completed, the countries also need to provide annual funding for the maintenance of the infrastructure and passenger transport, similarly to the existing railway. According to calculations carried out by OÜ Rail Baltic Estonia which are based on the data from the cost-benefit analysis of the project, the infrastructure manager's costs in Estonia will have to be subsidised from the state budget in the amount of EUR 10-15 million each year for at least the first three years of operation. From there on, the same calculations show that the revenue will increase and the need for subsidies will decrease.

30. According to the preliminary calculations of AS Eesti Liinirongid, regional passenger transport on the Rail Baltica railway also needs a similar amount of EUR 10-15 million in subsidies each year.

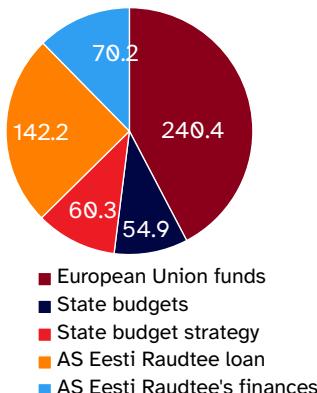
31. In the next few years, the funding needed to complete the railway and to purchase the trains must first be secured, followed by the funding needed for the maintenance of the railway.

Existing railway increasingly needs state funding

32. While the Rail Baltica railway is being constructed, the existing railways also need to be upgraded and maintained. In 2020, the National Audit Office pointed out a problem in its [railway review](#) that there were not enough funds in the budget of AS Eesti Raudtee nor of the state for all the investments planned regarding public railway infrastructure. There was also an ambitious target to increase the share of rail freight transport, but no plan how to shift freight from road to rail. With freight transport declining, it was clear that the railways would become increasingly dependent on the state budget for their future upkeep.

More funds needed to improve rail safety

Figure 4. AS Eesti Raudtee's investments – EUR 568 million – by source in 2024-2029, in EUR million



Source: National Audit Office based on data from AS Eesti Raudtee

The [Technical Regulation of Railways](#) lays down the requirements for increasing the speed on the railway to up to 160 km/h to ensure safe rail traffic and transport management.

Source: regulation No. 71 of the Minister of Economic Affairs and Infrastructure of 2023 "[Technical Regulation of Railways](#)".

33. [The National Audit Office's 2024 road safety audit](#) also revealed that there was no funding planned for all the investments related to railway safety needed to increase the speed on the railways up to 160 km/h.

34. In the period 2024-2029, AS Eesti Raudtee has made or planned investments of approximately EUR 570 million (see also Figure 4).

35. The money will be used to electrify, straighten and upgrade safety systems. The investment also makes much of the railway faster to traverse. The development plan's target of enabling faster travel between major cities is largely achievable with these investments. To do this, the speed of trains has to be increased to 160 km/h. However, speeding up rail traffic means additional requirements for rail safety, and the available funding is insufficient for that end.

36. Increasing speed requires, in particular, improving safety at level crossings. In order to enable trains to run at speeds of up to 160 km/h on the Tallinn-Tartu and Tallinn-Narva routes, about EUR 91 million is still needed to build level crossings corresponding to the requirements of [the technical regulations](#), reconstruct platforms and renovate the railway on these lines, but the final construction costs are known after the precise technical solutions for all the objects have been developed and tenders have been made, which are not yet scheduled.

37. According to AS Eesti Raudtee, it will cost around EUR 42 million to build level crossings to the required standard between 2026 and 2033. The reconstruction of the waiting platforms will cost around EUR 17 million, and the renovation of railway sections will cost around EUR 32 million.

For your information:

at level crossings where the train speed is up to 160 km/h and the product of the number of trains and passengers exceeds 100,000, the existing level crossing should be reconstructed to be grade-separated.

Source: regulation No. 71 of the Minister of Economic Affairs and Infrastructure of 2023 "Technical Regulation of Railways".

The target of increasing freight transport by rail cannot be achieved in the near future

Increasing dependence on the state budget to maintain the railways

38. According to the explanation of AS Eesti Raudtee, the estimate of the costs for the construction of level crossings and platforms in accordance with the regulation is based on 2024 prices. Considering possible price increases, they estimate that the actual investment needed for level crossings alone could increase by around EUR 4 million.

39. According to AS Eesti Raudtee, the safety requirements will be met at level crossings for cars by 2028, but to improve the safety of level crossings for people, the Ministry of Climate and AS Eesti Raudtee do not consider it possible before 2033 due to lack of funds. This means that speeds cannot be increased and trains cannot continuously travel faster than 140 km/h.

40. Although the development plan aims to increase the share of rail freight transport compared to road freight transport to 40% by 2035, rail freight transport has further decreased since the 2020 audit. Over the last decade, rail freight transport has moved in the opposite direction to the target, steadily declining and falling to 12% in 2024 (see also Figure 5). According to the Ministry of Climate's 2024 Transport Performance Report, this target cannot be met. The current decline in rail freight is mainly due to sanctions imposed on Russian trade.

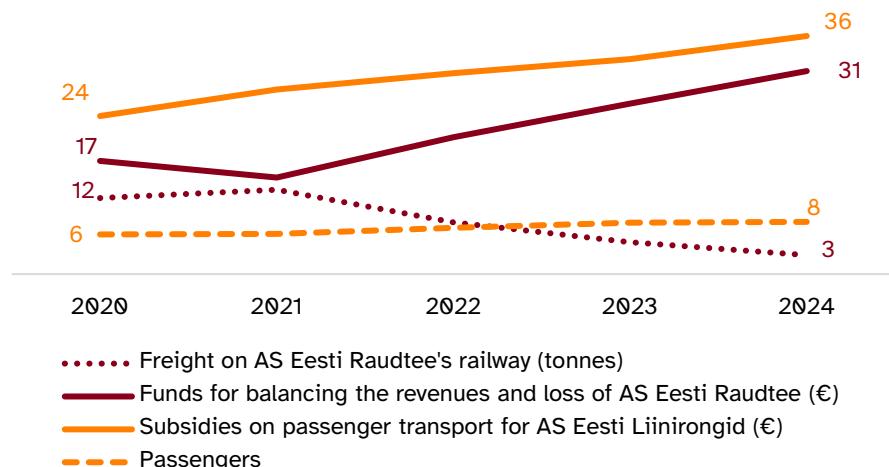
41. Both the Ministry of Climate and AS Eesti Raudtee stress that there are few goods in Estonia that could be transported by rail instead of road. However, due to the decrease in the volume of goods and the simultaneous increase in the costs of maintaining the railway, the difference between the costs and revenues which is reimbursed from the state budget to AS Eesti Raudtee has increased (see also Figure 5). While in 2020, the amount of this subsidy was just over EUR 17 million, in 2026, EUR 38.2 million has been allocated from the state budget. This is projected to rise to EUR 42 million by 2030.

42. As freight transport declines, the railways become increasingly dependent on passenger transport and thus also on the subsidy for passenger transport from the state budget.

43. Between 2020 and 2024, rail passenger transport has grown by almost 32%. However, subsidies paid by the state for passenger transport have increased even faster than the number of passengers – by more than 50%⁶ (see also Figure 5).

⁶ Adjusted for inflation.

Figure 5. Passenger and freight transport by rail and subsidies paid from the state budget, in EUR millions



Source: National Audit Office based on the annual reports of AS Eesti Raudtee and data from Statistics Estonia, AS Eesti Raudtee and the Ministry of Regional Affairs and Agriculture.

44. While the rail sector is increasingly focusing on passenger transport, to make passenger trains run faster, railroad safety needs to be addressed, in addition to widening waiting platforms and renovating the Lagedi-Aegviidu line. At least an extra of EUR 91 million needs to be invested from the state budget to allow trains to run safely at higher speeds on the Tallinn-Tartu and Tallinn-Narva lines. It is also clear that achieving the target of shifting freight from road to rail is not realistic, at least not in the near future, and that the maintenance of the railways will continue to be funded by passenger transport and the state budget.

Completion of TEN-T by 2030 is still not realistic

45. Alongside the development of Rail Baltica, the TEN-T core network also needs to be upgraded to meet the requirements of the EU Regulation (see also Figure 6).

46. In 2022, the National Audit Office pointed out that the achievement of this target is questionable due to insufficient funding. The National Audit Office also pointed out that there are many roads in the TEN-T core network in Estonia for which a derogation could be applied for under the TEN-T Regulation because the traffic volume is less than 10,000 cars per day.

47. In total, there are 353 kilometres of roads in the core network. Of these, 133 kilometres are compliant as of autumn 2025 and 49 kilometres are under reconstruction. The Transport Administration estimates that it would cost between EUR 1.3 billion and EUR 1.9 billion to bring the entire core network into compliance with the regulation, depending on whether the roads are built as partially or fully four-lane roads. However, even if the funds were available in full, it would no

Figure 6. State roads in Estonia that are part of the TEN-T core network



Source: National Audit Office on the basis of the [EU TEN-T Regulation](#)

longer be possible timewise to complete the entire core network by 2030.

For your information:

under the EU TEN-T Regulation, member states may apply to the European Commission for derogations from the requirements set out in the Regulation on roads where

- the traffic volume is not more than 10,000 vehicles per day in both directions;
- there are specific geographical or significant physical constraints;
- the result of the socio-economic cost-benefit analysis is negative;
- there is a significant negative impact on the environment or biodiversity.

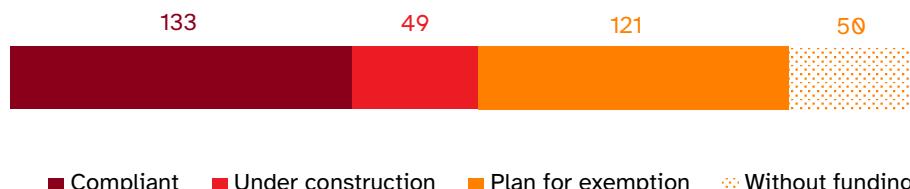
Any such application must be duly justified, taking into account road safety impact assessments.

Source: [European Union TEN-T Regulation](#)

TEN-T roads will not be built by 2030 with the current available funding.

48. Compared to 2022, however, the need for additional funding is likely to decrease, as the Ministry of Climate and the Transport Administration plan to ask the European Commission for a derogation for at least 34% of the roads of the TEN-T core network (see also Figure 7). This means that the deadline for reconstructing these sections would be postponed from the end of 2030 to the end of 2050.

Figure 7. Compliance with the EU TEN-T regulation, in kilometres



Source: National Audit Office based on data from the Transport Administration

49. To do this, the Ministry of Climate must seek the European Commission's agreement to implement the derogation. The Transport Administration will complete the road safety assessments by the end of 2026, after which a decision is taken on which sections will be exempted. In accordance with the EU TEN-T Regulation, the Republic of Latvia will then have to be consulted on the implementation of the derogation. The application is submitted to the European Commission after getting Latvia's opinion, likely in 2028.

50. The assessment also specifies the road sections for which no derogation can be requested with their lengths and their costs. According to a preliminary mapping by the Transport Administration, there are around 50 kilometres of roads that are not yet compliant, have no funding and may not be eligible for a derogation from the European Commission. The cost of bringing these roads into compliance with the Regulation would be around EUR 312 million at current prices, according to the Administration's preliminary estimates. There are currently no funds allocated for this in the state budget strategy.

51. However, the actual construction cost of each section depends on the outcome of its procurement. The Transport Administration estimates project prices based on the cost of previous procurements, but has noted that there are signs of price increases.

52. All the sections to be reconstructed are planned as 2+2 cross-section roads with two lanes in each direction. They must also comply with the requirements of the EU TEN-T Regulation (see section 1), in particular regarding road safety and grade-separated crossings.

53. However, if it is not possible to have the necessary funding, the Ministry of Climate foresees that as the deadline approaches, it will be necessary to negotiate with the European Commission and request a slight extension of the deadline. According to the Ministry, similar problems exist in other countries and it is unlikely that the European Commission will open infringement proceedings against member states if they have provided their explanations in time.

For your information:

the implementation of the road safety programme is coordinated by the Road Safety Committee of the Government of the Republic and organised by the Ministry of Climate as the main responsible party.

In addition, the Ministry of Education and Research, the Ministry of Justice, the Ministry of Finance, the Ministry of the Interior, the Ministry of Social Affairs and the competent sub-organisation of the Ministries, including the Transport Administration, are also responsible for implementing the road safety programme.

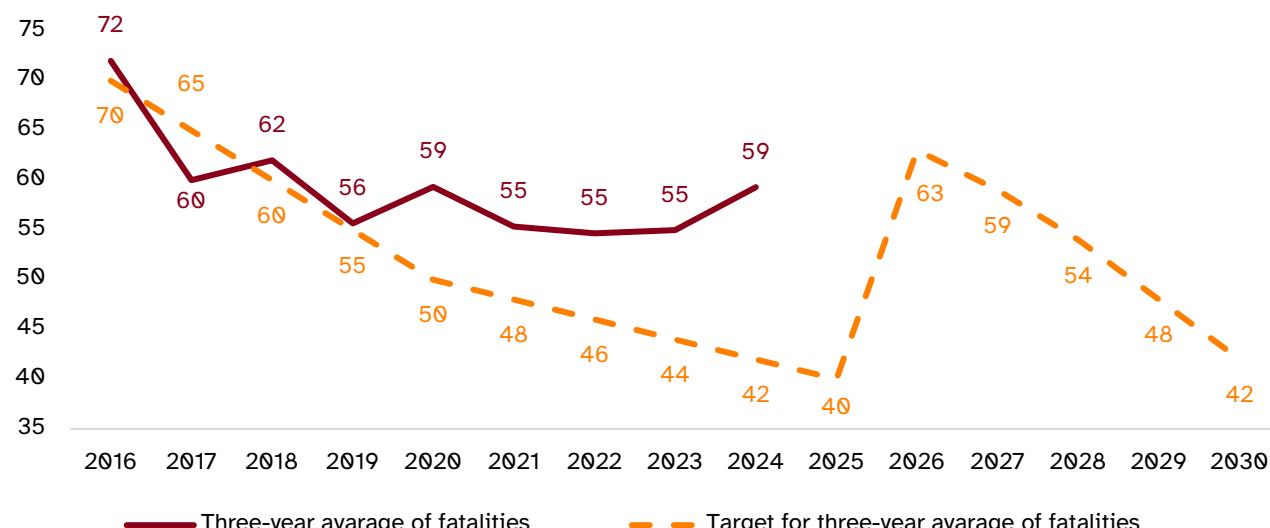
Source: Transport Administration and Road Safety Programme 2016-2025

The number of fatalities and serious injuries in road traffic has not decreased at the desired pace

54. The problems related to improving road safety were last addressed by the National Audit Office [in its road safety audit published in 2024](#). The National Audit Office stated at the time that the target of the Road Safety Programme 2016-2025 – no more than 40 fatalities and 302 serious injuries on average over three years – will not be met by the end of 2025. The audit also identified a risk of the activities planned to meet road safety targets not being implemented within the timeframe and to the extent foreseen, taking into account the real financial possibilities.

55. Since 2023, the number of fatalities and serious injuries in road traffic has continued to rise and the gap between the targets and reality has started to widen. In 2024, compared to 2023, 214 more people were injured and at least 421 were seriously injured.⁷ While in 2023, 59 people died in traffic accidents, in 2024 there were 69 deaths (see also Figure 8).

Figure 8. Three-year average number of fatalities in traffic accidents* from 2016 to 2024 and the 2030 target set in the Road Safety Programme 2016-2025 and the draft Road Safety Programme 2026-2035



⁷ According to the Transport Administration, the severity of the injuries of 279 traffic accident victims in 2024, or around 13%, is not known.

* The average number of fatalities in each year is the average of the number of fatalities in that year and the two preceding years, e.g. the yearly average number of fatalities for 2022-2024 is given under 2024.

Source: National Audit Office based on data from the Transport Administration, Road Safety Programme 2016-2025 and draft Road Safety Programme 2026-2035

For your information:

the Transport Administration claims, while referring to the previous practice of other countries, that measuring speed and averaging it would reduce the number of road accidents by up to 30% and fatalities by up to 56%. For example, in Lithuania, the number of fatalities fell by 60% while the average speed dropped by around 3.5-7.3 km/h.

Source: Transport Administration

Penalty point system – a system for recording and influencing road behaviour, designed to identify the most dangerous drivers and influence their behaviour through training, etc.

To this end, a certain number of penalty points is linked to a dangerous traffic offence and a period of validity is set for them.

Source: Transport Administration

Possible activities to improve road safety have not been fully funded

For your information:

the activities planned under the road safety programme, the authorities responsible for them, their deadlines and budgets are set out in the programme's implementation plan.

56. According to the Ministry of Climate, the number of fatalities and injuries in road traffic in Estonia is still quite low, and therefore the yearly fluctuation in these figures does not reflect the actual road safety situation. However, the Ministry believes an objective view of the traffic situation can be obtained by comparing the three-year averages number of fatalities and injuries, which tend to show that the current level reached is difficult to improve.

57. According to road safety statistics, the most frequent causes of serious road accidents are speeding, drunk driving, secondary activities while driving and failure to use the required safety equipment.

58. In 2022, the Transport Administration selected 13 high-impact activities that it considered would contribute to making traffic safer, and which, when implemented, would achieve the targets of the road safety programme. For example, the Transport Administration believes that implementing a **penalty point system**, increasing speed monitoring, lowering speed limits, adding automatic average speed checks and rebuilding dangerous areas would help make traffic safer. For a variety of reasons, such as lack of funds, conflicts with existing legislation or lack of political support, these activities have not yet been implemented as planned.

59. For many years, the implementation of the road safety programme's activities has depended on obtaining additional funding. For example, the total estimated cost of all the activities in the 2024 **implementation** plan of the road safety programme was around EUR 3.2 million, but the state budget had only about 30.2% of the latter amount, that is EUR 1 million. The funds needed would have been an estimated EUR 2.2 million, but the 2024 supplementary budget did not allow for this. The Transport Administration explained that there was no real hope of getting extra funding because the 2024 plan had not been approved by the Government of the Republic.

60. Funding for the most recent road safety programme in 2025 has been more positive. While the total cost of the plan's activities was initially estimated at approximately EUR 2.85 million, the Ministry of Climate explained at the end of 2024, that the total cost of the 2025 activities was increased to EUR 5.1 million, considering the actual possibilities of the 2025 state budget. According to the Transport Administration, only those activities for which funding was guaranteed from the state budget until 2025 were included in the adapted plan.

61. Road safety activities are also planned through the state road maintenance plan. One such activity is the rebuilding of dangerous traffic areas. Although, according to the Transport Administration, the positive impact of the measure on road safety has been proven, the road safety programme has so far allocated less and less money year after year to making dangerous places safer.

For your information:

to prevent 0.65 fatalities and 8 serious injuries per year, the Transport Administration estimates that at least 50 places, sections and junctions where there is a risk of traffic accidents with the highest number of injuries should be rebuilt each year on state roads.

Source: Transport Administration

For your information:

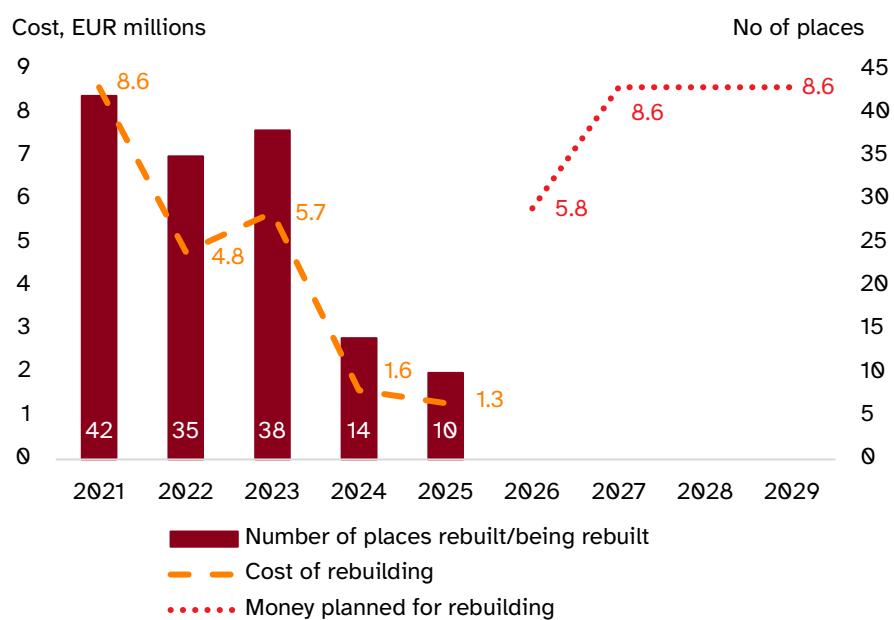
the Transport Administration analyses the identified dangerous traffic areas on the basis of on-site inspections and past traffic accidents and proposes ways to rebuild them along with the costs.

The list of dangerous traffic areas to be rebuilt is updated annually and major upgrades costing EUR 0.5-2 million are only considered if funding of more than EUR 5 million is available annually.

Source: Road Maintenance Plan 2025-2028

62. While in the period of 2021-2023, around EUR 6.4 million per year was invested in the design and construction of making dangerous traffic areas safer on average over three years, only EUR 1.6 million could be used in 2024 (see also Figure 9).

Figure 9. Number of dangerous traffic areas to be rebuilt and investments* between 2021 and 2029, in EUR millions



* The cost of rebuilding dangerous traffic areas includes not only construction costs but also design costs.

Source: National Audit Office based on the Transport Administration, the 2025-2028 road maintenance plan's financial plan and the Cabinet of the Government's memorandum on road maintenance dated 9 October 2025

63. According to the Road Maintenance Plan 2025-2028, an average of EUR 5.3 million per year is planned to be invested in dangerous traffic areas over the next four years. Including the design costs of the rebuilding, according to the Transport Administration, the average total cost of the upgrades over this period would be EUR 5.7 million per year.

64. In 2025, the funding has been reduced to EUR 1.3 million, which allows the rebuilding of only 10 dangerous traffic areas. The Transport Administration has indicated that the number of dangerous traffic areas to be rebuilt over a period longer than one year is not forecast, because it is based on the amount of funding planned in the state budget for the rebuilding of these places each subsequent year (see also Figure 9).

65. In order to reduce the total number of fatalities and serious injuries in road accidents, as set out in the Ministry of Climate's Transport and Mobility Action Plan, the Transport Administration estimates that at least EUR 10 million per year would actually need to be invested into making dangerous traffic areas safer. This means that in the future, more funding will be needed to rebuild these sites than is foreseen in the Road Maintenance Plan for 2025-2028.

66. According to the new Road Safety Programme 2026-2035 draft and its implementation plan for 2026-2029⁸, an average of 55 dangerous traffic areas per year would need to be rebuilt over four years at a total cost of EUR 39.2 million, of which EUR 16.4 million is available in the state budget. According to the Transport Administration, the plan includes only the construction costs of the dangerous traffic areas, to which design and other ancillary costs must be added.

67. According to the Transport Administration, the draft implementation plan of the new programme reflects the actual funding needs for the rebuilding of dangerous traffic areas, while the Road Maintenance Plan 2025-2028 reflects the financial possibilities that were known at the time of its approval in June 2025 on the basis of the state budget strategy 2026-2029.

68. According to the draft Road Safety Programme 2026-2035, the three-year average number of serious injuries and fatalities should not exceed 272 and 22 respectively by 2035. This means that over the next ten years, the three-year average number of road fatalities has to fall almost 2.7-fold and the number of seriously injured at least 1.5-fold compared to the 2024 figures.

69. If the 2025 targets for these two indicators cannot be achieved, the new programme's targets and their implementation may become even more unrealistic than before.

70. Although the draft implementation plan of the Road Safety Programme for 2026-2029 contains fewer activities than before, their estimated impact on reducing the number of fatalities has been analysed in advance and they are classified as high, moderate or low impact measures, the continuing problem is that there is no funding to implement all of them. It is also not known whether there is political support to implement all of the activities.

Road safety targets for 2035 are even more ambitious than before

For your information:

the sub-targets of the draft Road Safety Programme 2026-2035 are to ensure that by 2035, no person under the age of 16 will die in traffic accidents and no pedestrian will die in inhabited areas.

Source: [draft Road Safety Programme 2026-2035](#)

⁸ [Draft Road Safety Programme 2026-2035 prepared by the Ministry of Climate](#).

For your information:

According to the draft implementation plan of the Transport and Mobility Sector

Road Safety Programme for 2026-2029, high-impact measures are those which

- save more than one life;
- significantly reduce the total number of fatalities and serious injuries;
- are linked to a long-term and permanent change in road safety.

Such activities include among others:

- upgrading the TEN-T core network of roads;
- rebuilding dangerous traffic areas;
- setting safe speed limits;
- developing a penalty point system;
- increasing the capacity of manned traffic surveillance.

Source: [draft Road Safety Programme 2026-2035 Implementation Plan 2026-2029](#).

IRI (*International Roughness Index*) – a measure of driving comfort. The lower the IRI, the smoother the road. A value of 1.4-2.6 mm/m is considered a good level, i.e. the road surface is mostly smooth.

A **rut** is a longitudinal unevenness on the road. A value of 5-10 is considered a good level, i.e. there are no visible ruts on the road surface.

Defects include cracks, holes and erosion. Defects are measured per 100-metre section. Up to 5% is considered good.

Source: [Technical Centre for Roads](#)

71. According to the draft implementation plan of the Road Safety Programme for 2026-2029, a total of EUR 133.6 million is needed from the state budget to carry out the activities. According to the Transport Administration, the road maintenance activities included in this plan cost a total of EUR 63.3 million. This includes the rebuilding of dangerous traffic areas for EUR 39.2 million. In addition, there are activities planned for which no costs are indicated. Of the total amount needed for the next four years, only a third, or EUR 45.4 million, is currently available under the draft.

72. According to the Transport Administration, the activities of the 2026-2035 Road Safety Programme can be specified once the Government of the Republic has approved it and the activities planned for 2026 will be aligned with the actual financial possibilities after the adoption of the 2026 state budget by the Riigikogu.

73. For many years, road fatalities in Estonia have been on a downward trend, but in recent years the trend has reversed and the target of consistently reducing the three-year average number of fatalities and serious injuries is being missed.

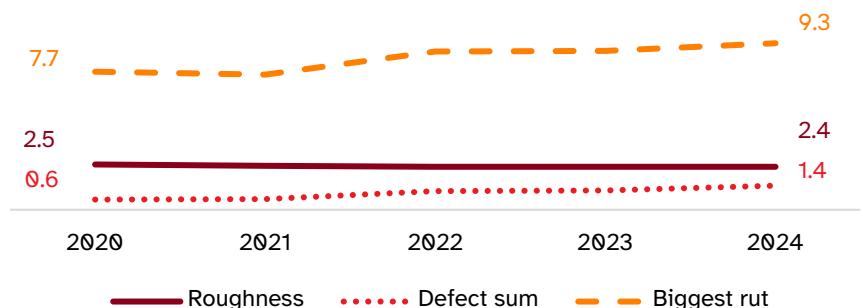
74. The Road Safety Programme has so far been full of empty promises. Although over the years the programme has set targets and actions to achieve them, in many cases, the activities have lacked funding and have therefore not been followed up on as planned. The Road Safety Programme plans have also consistently included actions that have lacked political support and have therefore also not been implemented. In a situation where there is no financial or political support for the measures, the decision should be taken to propose alternative measures or to look for ways to improve the effectiveness of existing measures, while showing how the replacement of the measures will have an impact on the target set.

State roads are deteriorating

75. In 2022, the National Audit Office recommended that more attention be paid to maintaining the condition of state roads and pointed out that the funds needed for this has been decreasing year by year. It was not certain whether it would be possible to pave gravel roads by the target time.

76. While in 2022, the roughness of state roads had been improving steadily, since then the roughness index or **IRI** has remained at the same level, at 2.4. However, both the number of **defects** and the depth of **ruts** have increased (see also Figure 10), although the averages of these indicators still remain at a level corresponding to a “good” condition.

Figure 10. Change in state of roads indicators between 2020 and 2024



Source: National Audit Office based on data from the Transport Administration

The Transport Administration says there is still not enough funding to maintain the condition of state roads

For your information: OÜ Teede Tehnokeskus periodically analyses the strategic financial needs of state roads.

In 2025, the **repair backlog** of state roads is an estimated EUR 772 million.

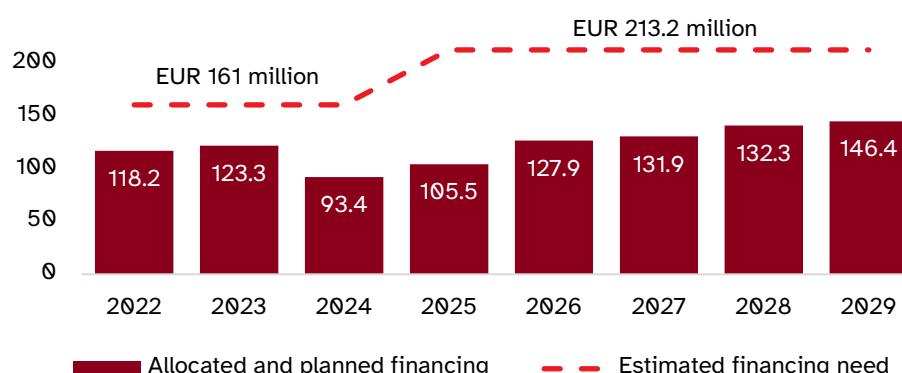
This is the amount needed, as of 2024, to bring all roads with a traffic volume of more than 1,000 cars per day to a “good” status and those with a lower traffic volume to a “satisfactory” status.

Source: [strategic funding needs analysis](#)

77. At the time of the audit in 2022, the Transport Administration estimated that EUR 161 million was needed each year to maintain the condition of state roads, but the state budget strategy for 2022-2025 allocated an average of EUR 97.7 million per year.

78. Similarly to the situation at that time, in the latest road maintenance plan for 2025-2028, the Transport Administration estimates the annual funding needs at EUR 213.2 million. According to the road maintenance plan, this would allow for needs-based repair, reconstruction and maintenance activities to ensure that the road network meets requirements and to eliminate the accumulated backlog, i.e. the **repair backlog**, within 30 years. However, an average of EUR 130.8 million per year is planned (see also Figure 11).

Figure 11. Funding needed for the maintenance of state roads, allocated in the state budget and planned in the budget strategy for the period 2022-2029, in EUR millions



Source: National Audit Office based on the road maintenance plans and the Memorandum of the Cabinet of the Government of 9 October 2025 on road maintenance plans

79. The Transport Administration explained that although the average road surface roughness on state roads is still within the limits of “good”, the repair backlog is steadily increasing due to lack of funding. In recent years, the need for resurfacing has increased by almost 2,000 kilometres, from 1,463 kilometres in 2022 to 3,300 kilometres in 2025, due to an increase in average road surface defects and depth of ruts.

The target of paving the country's gravel roads is also likely to be missed.

80. In addition to maintaining the condition of existing state roads, the Transport and Mobility Development Plan requires that all gravel state roads with a traffic volume of more than 50 cars per day should be surfaced with a dust-free coating by 2030. At the time of the audit by the State Audit Office in 2022, nearly 1,800 kilometres of roads were still unpaved, and to reach the target by 2030 would have required an investment of EUR 20.5 million per year. For the years 2022-2023, less than EUR 5 million per year had been allocated in the state budget and planned in the budget strategy at the time, and for the years 2024-2025, no money was planned at all.

81. According to the Road Maintenance Plan 2025-2028, there are 1,758 kilometres of gravel roads with a daily traffic volume of more than 50 cars as of 2024, and the estimated cost of paving per kilometre is EUR 110,000.

82. Thus, at least EUR 193.4 million, or around EUR 32.2 million per year, is needed to provide a dust-free coating for gravel roads between 2025 and 2030. However, the Road Maintenance Plan foresees a total of EUR 37.5 million for the period 2025-2028. The state budget strategy for 2026-2029 foresees that EUR 11 million will be allocated for paving gravel roads in 2029. Thus, EUR 48.5 million, or an average of EUR 9.7 million per year, is planned to be spent on paving gravel roads between 2025 and 2029.

83. However, if the target is to be reached by 2030, an additional EUR 144.9 million is needed. As this is not realistic, the Transport Administration gives priority to paving those gravel roads with the highest traffic.

Longer transport distances of mineral resources for road and railway construction increase transport costs and make projects more expensive

Security of supply indicates for how many years there will still be enough construction minerals to mine in a county with mining permits, taking into account the average need for this supply in the county.

Source: [Ministry of Climate](#)

84. In the [2022 audit on the security of supply](#) of construction minerals, the National Audit Office pointed out that there may not be enough extractable construction minerals in the vicinity of the TEN-T core network of roads and Rail Baltica projects to complete construction by the deadline and that if new quarries are not opened in the near future, or if their opening is delayed, the cost of major infrastructure projects may be significantly affected.

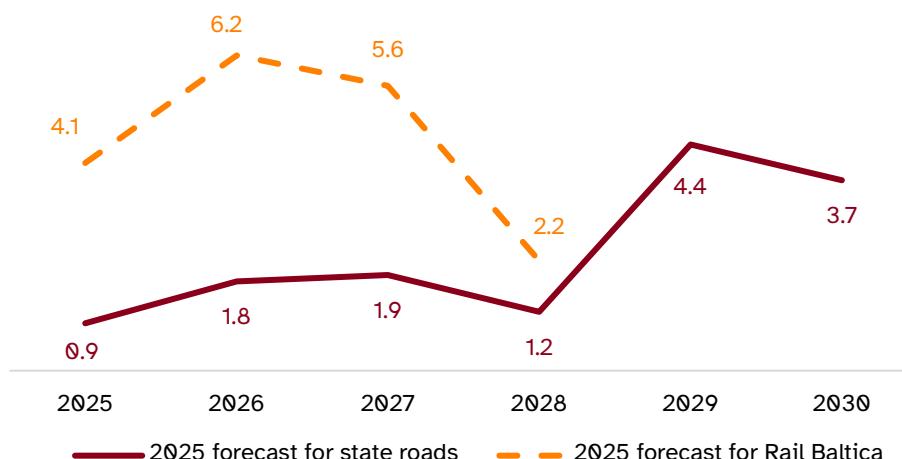
85. The latest analyses by the Transport Administration show that the total annual demand for construction minerals for public roads will be highest in 2029. At the same time, the projected demand for construction minerals in the Rail Baltica project will increase sharply in 2026-2027 (see also Figure 12).

For your information:

the biggest users of construction minerals are the Transport Administration and OÜ Rail Baltic Estonia. To a lesser extent, they are also needed by AS Eesti Raudtee, the State Forest Management Centre, local authorities (e.g. Tallinn Municipal Engineering Department) and the private sector.

Source: Ministry of Climate

Figure 12. Forecast of the need for construction minerals for state roads and Rail Baltica as of March 2025 for the period 2025-2030, in million m³*



* In forecasting the needs of state roads, the Transport Administration has taken into account the state Road Maintenance Plan and the needs of Rail Baltica have been estimated under the assumption that the railway will be ready by 2030.

Source: National Audit Office based on data from the Transport Administration

86. The Transport Administration will draw up a new estimate of the needs for construction minerals for state roads in the first quarter of 2026, taking into account the funds planned in the state budget strategy for 2026-2029. As road maintenance will receive significantly more funding in the coming years than it has so far under the state budget strategy, the need for extraction of construction minerals will also increase, according to the Transport Administration.

87. Although since 2021 the funding for road maintenance and the volume of state roads construction have decreased year on year, according to the projections made by the Ministry of Climate in 2025, the security of supply of some construction minerals in Harju, Rapla, Järva and Pärnu counties will continue to be below **the critical limit** (see also Figure 13).

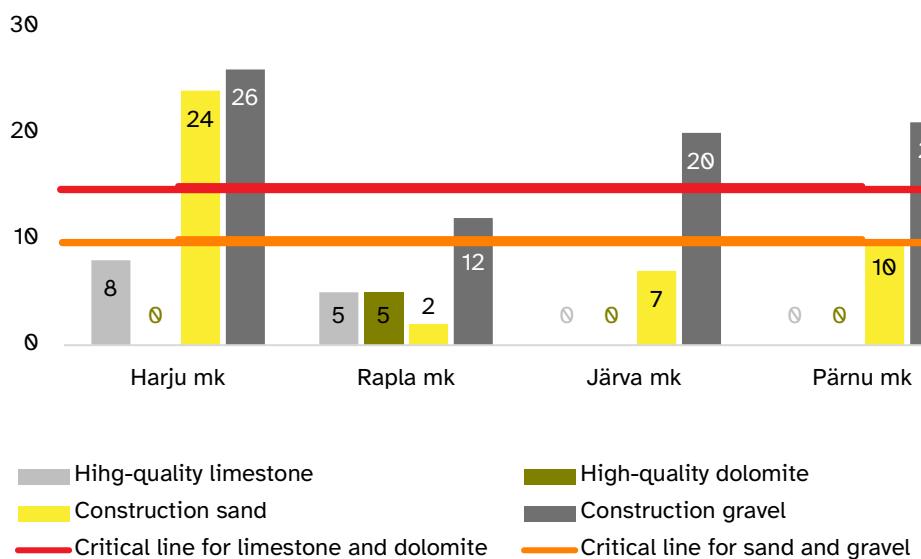
88. There is no direct shortage of construction minerals in Estonia. However, the problem is that not enough mining permits have been issued for opening new quarries or expanding existing ones, which means that reserves cannot be extracted in the necessary volume and speed. For example, according to the Ministry of Climate, it takes an average of around eight years to build a limestone quarry, from the start of geological research to the beginning of mining.

For your information:

a critical situation for ensuring the security of supply of a particular mineral resource in a region is considered to be one where there is less than 10 years' supply of sand and gravel and 15 years' supply of limestone and dolomite.

Source: Ministry of Climate

Figure 13. Security of supply of construction mineral resources and their critical limit in Harju, Rapla, Järva and Pärnu counties in May 2025, in years*



* 0 indicates that the corresponding mineral resource is either not found or has not yet been mined in the county.

Source: National Audit Office based on data from the Ministry of Climate

There are no alternatives for replacing construction minerals in a critical situation.

89. Both the Ministry of Climate and OÜ Rail Baltic Estonia consider the scarcity of high-quality limestone suitable for road construction in Harju and Rapla counties to be a major problem. However, the same properties are found in a basement mineral that is not quarried in Estonia, and also in granite imported into Estonia. Importing from Latvia is seen as a possible option in the case of sand, but the Transport Administration says that this is only considered economically feasible for construction sites close to the state border.

90. It is also important to take into account the fact that it may not be possible to import sand from Latvia, because Latvia, like Estonia, also needs it in the coming years for its own infrastructure projects, especially for the construction of Rail Baltic. According to the Ministry of Climate, Estonia's infrastructure and general construction sector is not dependent on imports of minerals from Latvia, so the ministry does not have an overview of the supply security of Latvia's construction minerals.

Aggregates– a mineral resource, such as filling sand or gravel, that does not meet approved quality requirements but for the extraction of which there is an economic interest.

The majority of crushed stone produced from sand, gravel and limestone is used as aggregate in the construction of roads and railways.

Source: Ministry of Climate

For your information:

oil shale mining waste is not a full substitute for high quality construction minerals, it can only to some extent for sand and gravel.

Source: National Audit Office

For your information:

5% of materials used in infrastructure construction must be recycled materials (construction, demolition, oil shale industry, mining waste, etc.).

To this end, the use of building materials made from construction and demolition waste is foreseen in both the Transport Administration and Rail Baltica's construction contracts, in places where the quality requirements allow.

Source: National Waste Management Plan 2023-2028

91. At the same time, there is also a shortage of alternative solutions to replace construction minerals and in particular aggregate. The Rail Baltica railway project requires aggregates the most, and their supply security could be increased by using alternative materials.

92. An alternative could be the use of crushed stone produced from oil shale mining waste, in particular in the lower layers of road and railway embankments. OÜ Rail Baltic Estonia announced that so far, in the construction of Rail Baltica, oil shale tailings have already been used, for example, in the construction works of the first phase of the Soodevahe stockyard, and limestone sand left over from the production of crushed limestone has been used in the construction of the Ülemiste-Soodevahe railway.

93. At the same time, however, mining waste may not be price-competitive because depending on the transport distance, the price may exceed the price of mined sand and gravel extracted in some areas, especially if those are extracted close to the construction site. OÜ Rail Baltic Estonia has also noted that experience so far has shown that, although the use of mining waste is allowed in the construction of Rail Baltic, contractors do not transport or use it at construction sites because of the high cost of transport.

94. According to the Ministry of Climate, the use of different waste materials as alternative building materials has also been hampered mainly by their uneven availability, lack of knowledge on their quantities, poor quality and higher transport costs, as the generation and production of waste is generally located far from construction sites and the transport distance is therefore longer compared to locally quarried construction minerals.

95. According to the Ministry of Climate, it is not possible to calculate more precisely the impact that the lack of construction minerals and alternative materials could have on the total cost of large infrastructure projects,. The cost of construction materials depends on the price of the materials offered by the contractor for each subsequent construction tender, and without knowing this in advance, it is difficult for the ministry to estimate the final cost of large infrastructure projects.

96. However, in September 2025, the Transport Administration informed the National Audit Office that if the granite aggregate needed to replace the missing limestone aggregate had to be imported from the Nordic countries, large infrastructure projects could cost 5-10% more. If, in addition to aggregate, a larger volume of mineral resources, such as sand also need to be imported into Estonia for roads and railway embankments, then according to the Transport Administration the final construction costs of the TEN-T core network of roads and the Rail

Baltica could increase by 20-40% compared to using local mineral resources.

For your information:

the cost of construction minerals account for around 70% of the total cost of road construction.

An increase of 10 km in the transport distance increases the cost of building a road by about 2%, with a transport distance of 50 km the increase is more than 8%, and the transport of building materials from a distance of about 100 km away increases the cost of building a road by as much as 20%.

Source: Transport Administration

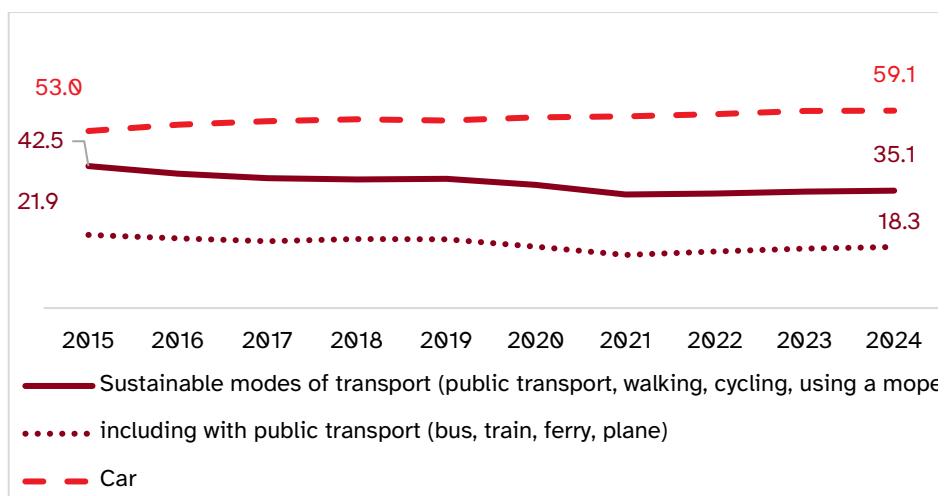
97. The Ministry of Climate, however, considers such a risk unlikely to materialise, as according to the ministry, it currently has no knowledge that locally sourced construction minerals would need to be imported into Estonia for a specific construction project.

98. However, Estonia's reserves of construction minerals can only be used for infrastructure construction to the extent that they are allowed to be extracted. The problem is the scarcity of extractable reserves in existing quarries, and in order to complete the planned infrastructure in time, new quarries will have to be opened, existing quarries projects expanded or more alternative resources used in the coming years. Otherwise, there is still a risk of construction minerals needing to be imported into Estonia from elsewhere, resulting in rising construction prices.

State-funded public transport service is becoming increasingly expensive and the principles of its funding are uneven

99. The Transport and Mobility Development Plan 2021-2035 aims to increase the share of people going to work by public transport, by bike or on foot. However, according to Statistics Estonia, the share of public transport users among working people has decreased over the last decade. This means that we are no closer to the target than we were in 2021, when the regional public transport audit was published (see figure 14).

Figure 14. Share of sustainable transport modes and car users (%) of all commuters 2015-2024*



* Due to the COVID-19 crisis, the use of public transport was severely limited during 2020-2021, and the number of users decreased even further. As of now, the number of people using public transport has not yet reached pre-crisis levels.

Source: National Audit Office based on data from Statistics Estonia

Public transport requires more and more subsidies year after year

100. Surveys of satisfaction with public transport show that the main bottleneck for people using public transport is that the timetables do not match their actual needs, that is, the schedules are too infrequent, the departure times are not suitable or the vehicles do not follow a suitable route.

101. A follow-up audit by the National Audit Office in 2025 showed that the current county-based organisation of the public transport route network and timetables does not support people's movement across different modes of transport and between different counties. At the same time, the mobility needs and patterns of people who do not use public transport have not been sufficiently considered in the planning of public transport network.

102. It also revealed that for many years, less money has been planned in the state budget to support public transport than is actually needed to meet the commitments entered into under public service transport contracts, even though the amounts needed were almost fully known at the time the state budget was planned.

103. In the years 2022–2025, EUR 83.6 million has been allocated from the Government's reserve to cover the shortfall in public transport subsidies. The principles of financing public transport from the state budget, developed by the Ministry of Regional Affairs and Agriculture and approved by the Cabinet of the Government of the Republic on 7 February 2025, stipulate that from 2026 onwards, the costs of public transport are budgeted in the state budget at a level corresponding to the commitments entered into under transport contracts, and the reserve of the Government of the Republic covers only those costs that are difficult to foresee in the budget planning process.

104. According to the Ministry of Regional Affairs and Agriculture, the Government of the Republic decided to add an additional EUR 54.8 million to the ministry's budget for the next year to finance public transport during the preparation of the draft state budget for 2026. According to the state budget strategy 2026–2029, a total of EUR 213.6 million in additional funding over three years is needed to organise public transport between 2027 and 2029.

105. The Ministry of Regional Affairs and Agriculture wanted the shortfall to be reflected in the ministry's budget strategy, as public transport costs are predictable under long-term contracts. According to the Ministry of Regional Affairs and Agriculture, however, at the request of the Ministry of Finance, this money was nevertheless left in the Government's reserve and will be added to the ministry's budget when the state budget is drawn up for each subsequent year.

106. At the same time as people consider public transport inconvenient to use, the costs of maintaining public transport continue to rise. While

the forecast for 2021 showed that the cost of organising county bus transport would be EUR 64.6 million in 2024, the actual subsidy amounted to EUR 72 million. According to the forecast of the Ministry of Regional Affairs and Agriculture, this will increase to EUR 87.1 million by 2029, and subsidies for all other modes of transport will also need to be increased in the future (see Figure 15).

107. Already in 2027, rising public transport costs will put pressure on the maintenance of the public transport network and the provision of services at current levels. Therefore, the Ministry of Regional Affairs and Agriculture should already now identify how to optimise the public transport services and the route network. It should also analyse the possibilities for reducing the funding gap and the impact of possible actions to this end on the use of public transport.

For your information:

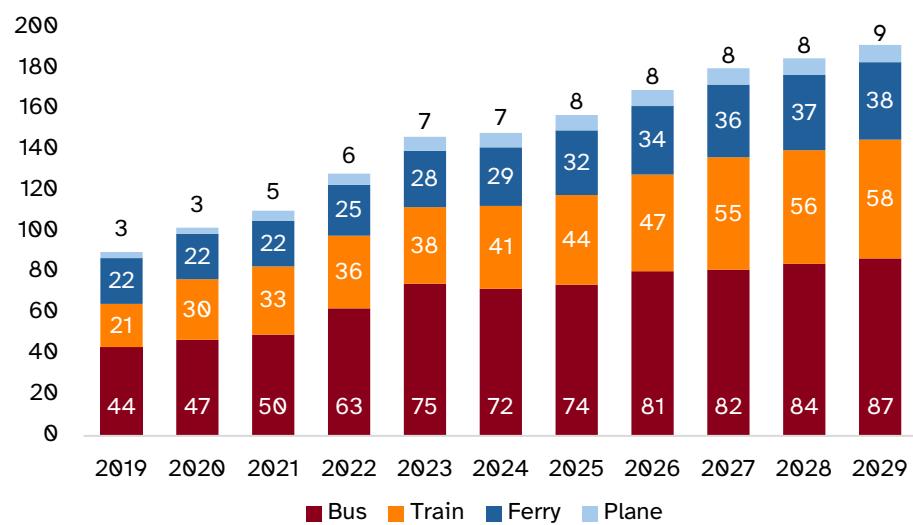
currently around 30% of ticket revenue comes from passengers.

The financing plan developed by the Ministry of Regional Affairs and Agriculture foresees that ticket revenue should cover on average 25% of all public transport costs in 2025, and this share should rise to 28% by 2030.

However, to achieve a 25% increase in ticket revenue on, for example, county bus routes, the tickets would have to be almost three times higher in 2025 – assuming the same number of passengers and the same discount rates.

Financing practices for networks vary from region to region

Figure 15. Public transport subsidies by mode 2019-2029, in EUR million*



* From 2027 onwards is forecast.

Source: National Audit Office based on data from the Ministry of Regional Affairs and Agriculture

108. Although the Ministry of Regional Affairs and Agriculture says that the large gap between the revenues and costs of public transport can be reduced by cutting the number of routes – shortening routes, reducing frequencies, closing routes – or by raising ticket prices, the ministry has not analysed or used these options. According to the Ministry, there is no political support for reducing the volume of public transport because of strong opposition from local authorities and passengers, and past practice shows that raising ticket prices immediately leads to a reduction in the number of public transport users.

109. In addition, the Ministry of Regional Affairs and Agriculture has not yet set any standards for service levels, including a minimum baseline below which the frequency and connections of regular county bus services may not drop to. Thus, there is no clear definition of a public

On-demand transport – defined in this review as transport that does not follow a fixed route or timetable.

Public Transport Centre – a non-profit organisation jointly established and financed by municipalities and the state, to which the founders may delegate appropriate tasks in response to the need for better organisation of regional public transport.

The exceptions are Saaremaa and Hiiumaa, where these tasks are performed by local authorities.

transport service that meets the needs of the population, and no set of rules to establish an economically viable network of routes and to assess where the service is essential and where it can be optimised or reorganised, such as by shortening the network or providing an on-demand service.

110. The Ministry of Regional Development and Agriculture has also not defined common principles for the financing of the route network based on service levels. A common set of principles would make it possible to maintain the county network more economically and reduce costs. For example, it should determine, among other things, which routes should be reorganised, refused for opening or no longer subsidised from the state budget, and which routes should be replaced with more economically viable solution, such as **on-demand transport** in suitable areas.

111. As long as the Ministry of Regional Affairs and Agriculture has not explicitly defined what kind of public transport service the state expects and is able to provide with the funds allocated to public transport – taking into account the budgetary possibilities and the possibilities for restructuring within the sector – it will not be possible to redesign the public transport route network and agree on a new funding model for the sector with the parties involved.

112. What is certain is that the current funding model will no longer allow for the maintenance of the route network and the provision of public transport services at existing levels in the coming years. This means that the state has to define common financing principles and decide in which cases a line should be considered unreasonably expensive to maintain, and consider other solutions to optimise the existing network.

113. In addition, it emerged that there is still a lack of clarity on the division of tasks and responsibilities for the organisation of county and local public transport. There are different interpretations of who should organise which routes, which routes should be paid for, and in which cases the service should be provided by county bus routes and in which cases by local bus routes.

114. However, this has led to an unequal situation where in some municipalities the routes are classified as city and parish bus routes, while in others bus routes with similar characteristics are instead county bus routes. This means that the former are organised and financed by the municipality itself and the latter are organised and financed by the state. In the survey, the Southeastern **Public Transport Centre** pointed out that they have bus routes funded from the state budget that are both within one municipality and routes with 90% of stops in one county and 10% in another.

Public transport organisation remains fragmented

For your information:

while the planning and implementation of public transport policy is the responsibility of the Ministry of Regional Affairs and Agriculture, the planning of public transport infrastructure and procurement are instead the responsibility of the Ministry of Climate.

115. The effective performance of the tasks of the Ministry of Regional Affairs and Agriculture, the Ministry of Climate, the Transport Administration, public transport centres and municipalities in public transport management is complicated by the fact that their responsibilities are divided and need to be more clearly defined. This is particularly the case in the planning of public transport infrastructure, which is the responsibility of the Ministry of Regional Affairs and Agriculture, the Ministry of Climate and local authorities.

116. In addition, there are overlaps in the performance of several tasks. For example, mobility studies are commissioned by the Ministry of Regional Affairs and Agriculture, public transport centres and the Transport Administration under the Ministry of Climate. The Ministry of Regional Affairs and Agriculture and the public transport centres lay down the requirements for timetabling and organise tenders for public transport operators. In addition, these centres procure separate support services, such as IT and accounting services.

117. This means that, in practice, the same tasks are at least partly performed by several authorities and the application of uniform principles across Estonia is not guaranteed. Also, the competence in support services, in particular in organising procurement, is spread across different institutions.

118. If the responsibilities and division of tasks between the parties are not clearly defined, and in practice they at least partially overlap, both money and human resources are wasted. Fragmented responsibilities also make it more difficult to supervise the performance of tasks.

Tenders for ferry services to the big islands remain uncompetitive and delays in the construction of a new ferry is increasing the cost of the service

For your information:

from 2006 until October 2016, the service between the main islands and the mainland was provided by OÜ Väinamere Liinid.

However, in 2014, the public procurement was won by TS Laevad and TS Shipping, which are owned by the state-owned company AS Tallinna Sadam. A transport service contract was concluded with them for the period 1 October 2016-30 September 2026.

For the new period of 1 October 2026-30 September 2033, the passenger service contract was also signed with OÜ TS Laevad.

Source: [National Audit Office](#)

The state did not buy out the ferries, citing the need to procure new ferries using green or other alternative fuels (including hydrogen).

119. As with the rest of public transport, ferry services between the main islands and the mainland will see an increase in public expenditure. Between 2006 and 2018, the amount of state funding for the Saaremaa and Hiiumaa ferry connection increased roughly threefold – from EUR 6.8 million to EUR 18.3 million.

120. In the years 2020-2024, the subsidy for vessel connections to the main islands from the state budget has largely stabilised, averaging EUR 19.4 million per year. It is projected to continue to grow at an average annual rate of 4.5%, reaching EUR 30.7 million by 2032. The Ministry of Regional Affairs and Agriculture also believes that the ticket prices should increase, but this requires a political decision.

121. The National Audit Office audited [the issue of the big islands' ferry connections in 2019](#). Among other things, it analysed whether the main target of the public procurement organised in 2014 for the Saaremaa and Hiiumaa ferry services – to increase competition and thereby reduce costs – was met. At the time of the audit, there was also a public debate about whether the winning bid of the joint bidders ship companies TS Laevad and TS Shipping was more cost-effective than the bid of OÜ Väinamere Liinid.

122. Calculations regarding the change in price indexes affecting the number of journeys and costs of the two offers and services showed that the contract with Väinamere Liinid would have cost the state an average of EUR 5.4 million more per year.

123. Although the procurement for the new passenger ferry service in 2024 was expected to re-establish competition in the ferry service, only OÜ TS Laevad – which already provides the service between the main islands and the mainland with its ferries Piret, Töll, Leiger, Tiiu and the reserve vessel Regula – submitted a tender. No other company submitted a bid.

124. According to the Ministry of Regional Affairs and Agriculture, which has been responsible for the ferry service from summer 2023, the cost of entry for other potential service providers would have been significantly lower if the vessels were owned by the state.

125. According to the procurement contract entered into with TS Laevad in 2014, the state had the option to buy out the ferries after the expiry of the contract by notifying TS Laevad no later than 30 September 2022.

126. Initially, the Ministry of Economic Affairs and Communications considered it most sensible to buy out the ferries and order a fifth one,

and the Minister of Economic Affairs and Infrastructure at the time also submitted a proposal to this effect for discussion at a cabinet meeting in 2021. However, the proposal was not put on the agenda of the Cabinet meeting and was not discussed. A few months later, the government backed the purchase of a new fifth ferry.

For your information:

estimates for 2022 suggest that the total cost of the four new vessels would have been between EUR 148 million and EUR 180 million without EU support.

Source: Ministry of Climate

127. In 2022, however, the cabinet decided, on a proposal by the new Minister of Economic Affairs and Infrastructure, not to buy out the ferries. The Minister proposed to order up to four new carbon-neutral or near-carbon-neutral ferries (in addition to the previously planned 'fifth ferry'), which would be ready to operate during the 2033–2043 contract period. During the discussions on the potential buy-out, the National Audit Office pointed out that not enough data had been provided to decide on the issue and that the situation posed a risk for a decision to be taken that would be disadvantageous to the state in the future.

128. At the time, the Ministry of Economic Affairs and Communications justified the proposal to abandon the buy-out and, as an alternative, to buy new carbon-neutral vessels for the state, by stating that 'maritime transport is undergoing the biggest change in technology choice since the invention of the steam engine' and that the biggest challenge to continuing with the existing vessels is the significantly stricter environmental requirements ('Fit for 55' climate package), including the switch to alternative fuels. The Ministry indicated that the exercise of the buy-out right would therefore require extensive and capital-intensive refits of the existing vessels.

129. During the discussions on vessel buy-outs, the National Audit Office also drew the attention of the Ministry at the time to the fact that the alternative to using the right of buy-out was made unjustifiably more expensive by adding to the buy-out price of the vessels the cost of converting the vessels – two into electric vessels and two into hydrogen-powered vessels. While the price for the buy-out of the vessels was EUR 106.4 million, the inclusion of the conversion made the buy-out option unduly more expensive by EUR 56.6 million compared to the other options.

There is no competition in the provision of ferry services and no plan for such competition to emerge.

130. The National Audit Office also pointed out that the long-term target of creating competition by acquiring vessels for the state and organising only operation procurements in the future was already set in 2014. Nevertheless, the solutions proposed by the Ministry of Economic Affairs and Communications are unlikely to guarantee the existence of competing tenders in the future.

131. While in 2022, the Ministry of Economic Affairs and Communications argued that a seven-year contract would increase the possibility for other bidders to take part in the tender, which in turn would encourage competition and affect the price of the service, the

Delay in construction of the fifth ferry leads to unplanned additional costs

For your information: the budget for the construction of the fifth ferry is EUR 41.9 million as of September 2025, 65% of which is planned to be financed from the European Union Modernisation Fund and nearly 35% by the Estonian state.

The contract is expected to be signed at the end of 2025 or the beginning of 2026, and the vessel is expected to be completed in summer 2028.

Source: Ministry of Climate

Ministry of Regional Affairs and Agriculture takes the opposite view regarding the seven-year period. According to them, the lack of competition in the 2024 tender was due, among other things, to the fact that the service provider was being sought only for seven years.

132. This is because, in order to operate in the Väinameri region, potential service providers – in the absence of state-owned vessels – would probably have to either order new vessels or rebuild existing ones, and this is not reasonable for a contract lasting only seven years. However, according to the ministry, the length of the contract period was chosen to be seven years so that the next contract period would start at the same time as the arrival of up to four new ferries.

133. Another problem is that the fifth ferry, Regula, currently used as a back-up, will reach the end of its service life in 2027. The new fifth ferry ordered by the state was due to be completed by the beginning of the new contract period, i.e. by 2026, but due to repeatedly failed procurements, the relevant state agency administered by the Ministry of Climate, Estonian State Fleet, still has no contract with a ferry builder.

134. The Ministry of Climate estimates that the fifth ferry will be able to start sailing in 2028 at the earliest. As the procurement of vessels is the responsibility of the Estonian State Fleet and the organisation of passenger transport services is the responsibility of the Ministry of Regional Affairs and Agriculture, the latter is in a situation where it has to agree with TS Laevad on how to ensure the availability of a replacement fifth vessel.

135. There are two ways to do this: to refurbish Regula to extend its lifespan or hire another vessel until the new one arrives. In any case, both options make the price of the ferry service more expensive. It is not yet known how much the delay in the construction of the fifth ferry may increase the price.

136. The fact that OÜ TS Laevad has vessels suitable for sailing between the main islands and the mainland, and that there are currently no plans to acquire new, state-owned vessels, means that there may be no competition for transport services in the future. The action plan proposed as an alternative to abandoning ferry buy-outs in 2022 has not been substantially met. Therefore, the abandonment of the buy-out may have been disadvantageous to the state. Also, a delay in the completion of the fifth vessel will mean an increase in the costs of the next contract, which has already been signed.

National Audit Office reports October 2024-October 2025

Health, education and social protection

Recertification of health professionals

3 October 2024

What are the bottlenecks and areas of development in assessing the competences of health professionals in Estonia?

Assessing the competences of health professionals is part of developing their knowledge and skills and thus ensuring the quality of care. In Estonia, the assessment of competence is voluntary and is organised by some professional or specialised associations at their discretion. There is no practical need for health professionals to take the assessment: a certificate of competence does not give them a significant advantage in the eyes of employers. As a result, only a small proportion of health professionals have completed the assessment and there is no evidence of the extent to which competences are actually developed.

In addition, not all health professionals are able to participate in continuing training to the extent required by the legislation, *inter alia* due to a lack of substitutes. Patients also do not feel confident that only competent health professionals are providing healthcare.

The competence assessment system as a whole is not working well enough and changes are needed. The Ministry of Social Affairs should take the role of change leader and make competence assessment a substantive and routine part of the development of health professionals.

Supervision of healthcare professionals and restriction of their right to practice

2 December 2024

What is the practice of noticing and restricting problematic practices of health professionals like in Estonia?

In Estonia, the system for reporting, supervising and restricting health professionals is cumbersome, time-consuming and accusation-based, *i.e.* it reacts only when a more serious breach has already occurred.

According to representatives of professional and trade associations, the number of health professionals whose practices are a cause for concern is likely to be small. However, due to shortcomings in reporting and monitoring, the extent of problematic practices is not known. This finding suggests that in order to prevent and mitigate patient risk, a system of noticing, identifying the nature of the problem and responding to it needs to be put in place.

Organising Emergency Medical Services

13 January 2025

Is the emergency medical service used and managed as intended?

The purpose of an ambulance is to provide emergency assistance in situations where people's lives and health are at risk. In Estonia, ambulances are often not used for this purpose and therefore people may be left without life-saving assistance. There are several reasons for this: the severity of many ambulance calls is overestimated, ambulances are often used to transport non-emergency patients between hospitals, and some of the work of ambulances is actually the responsibility of general practitioners or social workers.

These problems in the field of emergency medical services have long been unresolved because of a lack of clear leadership, fragmented tasks and dispersed responsibilities.

Supporting young people with special educational needs in acquiring vocational education and entering in the labour market

19 May 2025

Has the Ministry of Education and Research ensured that vocational training institutions provide students with the support required by law?

The Ministry of Education and Research, as the authority responsible for education, has not ensured that all students in vocational education and training institutions receive the support required by law. Without the necessary support, it is harder for students to succeed in their studies and in their working lives and to realise their developmental potential.

The majority of vocational schools are not succeeding in offering proper support services and measures. There is a shortage of qualified support specialists in vocational schools, which can lead to students' special educational needs going unnoticed.

In order to improve the quality of assessing support needs and ensuring the availability of support services, the Ministry of Education and Research needs to provide more organisational and financial support to vocational schools.

Overview of accessibility of Special Care Services

5 September 2025

Are state-organised special care services accessible?

The Social Insurance Board and the Ministry of Social Affairs have failed to find solutions to make state-run special care services available to those most in need in a situation of high demand.

For years, the government and the Riigikogu have been informed of problems related to the needs of people with intellectual disabilities and mental health problems, but the lack of broader public attention and the existence of pressing issues that attract greater public attention have not helped to bring these issues to the attention of decision-makers.

As a result, there is a severe shortage of places in special care services, waiting lists are unreasonably long and people often have to spend years looking for a suitable place.

Information Technology

Information technology investment and costs of public authorities

22 September 2025

What are the IT expenditures of public administration?

Between 2019 and 2024, the IT expenditures of the institutions surveyed as a whole (i.e. both IT investments and expenses) have increased. While total IT investment across all institutions was EUR 45 million in 2019, it has almost doubled to EUR 83 million by 2024. The largest investments have been made by the Ministry of Economic Affairs and Communications, the Ministry of Finance and the Ministry of Social Affairs. The Ministry of Defence and security agencies were excluded from the review.

The share of external grants in IT investments remained between 30% and 40% over the period. IT administrative costs (IT-related running costs) of the institutions covered by the review doubled over the period. In 2019, they were EUR 38 million, and in 2024 EUR 77 million in total. IT staff costs increased over the period in both the IT centres and other public administrations surveyed. In 2019, these totalled EUR 40 million across all the institutions surveyed, and rose to EUR 97 million by 2024. The increase in IT staff costs was driven by growth in the number of employees and salaries.

Local governments

Care reform

3 February 2025

Does the model of financing social services designed under the care reform ensure that public money is used effectively to achieve the reform's targets?

The first one and a half years since the care reform have shown that the financing model created by the reform makes it difficult to achieve both the efficient use of public money and the targets of the reform in the long term. The model, which guarantees all care homes a fixed level of cost recovery through public funding, carries the risk of uncontrolled increases in public spending. There are no measures to mitigate the risk, relying only on market competition.

From the point of view of national and local budgets, developments so far have been worrying. The price increases for nursing homes that have accompanied the reform have been rapid and strongly under-projected. The logic of the model has a rubber band effect,

needing to automatically pull the volume of public funding in line with the increase in the price of the service, otherwise the main aim of the reform to make care home services permanently more affordable for people will remain unmet.

There is a shortage of care homes in some areas, finding a suitable place is difficult and getting one on an average pension is becoming unrealistic. Municipalities have received extra funding from the reform, but the distribution of this money between municipalities is uneven given the reform's targets. The reform has also increased administrative burdens.

Management and supervision of the associations of Narva city

6 June 2025

Has the City of Narva made use of its statutory powers to direct and control the activities of city-owned associations?

The members of the supervisory boards of the associations under the control of the city of Narva are almost exclusively members of the city council, and frequent changes in the city's ruling coalition bring changes in the composition of the boards. Since local elections in 2021, Narva is now in its 6th coalition and the boards of most of its associations have changed 4-5 times. The relatively short duration of the boards' compositions reduces the lawful meaning of the board as an association's governing body. In many of Narva's associations, the board has been a kind of extended executive committee, dealing more with the day-to-day running of the association than with strategic management.

The city of Narva has made little use of the possibilities to control its associations. Following the 2019 corruption case in Narva Vesi, the city has not critically reviewed the control system of the associations and the city council's audit committee has not paid attention to most of the associations during the current council term. The direct lawful obligations for the management of associations have generally been met, but there are no clear expectations and targets against which to assess whether participation in associations is necessary for the tasks of the municipality.

National defence and internal security

Capacity of the Estonian state to receive allied units

27 November 2024

Has the Ministry of Defence, under its leadership, created the preconditions for the smooth reception of allied military units within the envisaged timeframe in NATO?

Estonia is able to receive an allied battalion during peacetime without any problems within the timeframe foreseen. Trailers and territories are in place to accommodate a light brigade, and work has begun on creating the conditions to accommodate a heavy

brigade with armoured vehicles. Hosting a heavy brigade or several units at the same time can create obstacles to transporting equipment by road and to using training fields.

The Ministry of Defence, together with the other ministries, must ensure that the transport of allied equipment runs smoothly. In addition, it is necessary to organise the deployment of staging and training areas and the supply of liquid fuels to allies, even in the event of supply difficulties.

Security of objects supplying electricity

9 January 2025

Have measures been taken to ensure the security of objects supplying electricity?

Electricity supply is a vital service, the provision of which is subject to varying levels of physical protection measures at key sites. At a site supplying electricity belonging to AS Elering, which is the only one so far designated as a national defence site, the requirements for ensuring physical security laid down in the rules for the protection of national defence sites have been complied with.

By contrast, other important sites providing electricity supply that are not designated as national defence sites do not have specific physical security requirements. It will be up to the companies to decide which physical protection measures are appropriate, but they need more information from the Ministry of Climate. So far, some of the measures implemented by companies have been weaker compared to the requirements set for national defence objects. However, these sites are also essential for ensuring electricity supply.

Infrastructure, energy and environment

Establishment of the Transport Administration and its results

10 February 2025

Has the Transport Administration achieved its targets in merging the Aviation Agency, the Road Administration and the Maritime Administration?

The audit showed that neither the Transport Administration itself nor the Ministry of Climate has taken an interest in the lessons and results of the new administration, and that governance in the field of transport and mobility remains fragmented.

When the Transport Administration was set up, a number of targets were set for it, but few of these were formulated in a way that allowed their achievement to be unambiguously assessed – most lacked measurable benchmarks, including timeframes. It is

therefore impossible to assess whether or not the quality of public services has improved with the creation of the Transport Administration.

Organisation of public transport (follow-up audit on regional public transport)

13 October 2015

Is regional public transport integrated with the rest of the transport network, and has the service been developed efficiently and with people's mobility needs in mind?

The Ministry of Regional Affairs and Agriculture has not managed public transport in a way that reflects people's real mobility needs. Regional public transport is not integrated with the rest of the transport network, and this includes the lack of a uniform ticketing system. The Ministry of Regional Affairs and Agriculture has not set standards for public transport service levels, which define the level of connections that must be guaranteed with the existing funding below which the frequency of departures and connections must not fall.

Performance of Auvere Power Plant

7 November 2024

How much did the outages at the Auvere Power Plant cost and why did they occur?

Although more than EUR 50 million has been spent on repairs and additional investments at the Auvere Power Plant, the plant has been out of operation for a total of one and a half years for emergency reasons in the five years and five months since its completion. The National Audit Office found that it is still not clear when the plant will reach its planned reliability. Enefit Power, the operator of the plant, estimates that at least EUR 10 million of investments is still needed.

Follow-up to the audit on Forest Felling in Protected Areas

11 March 2025

Does the Environmental Board ensure the protection of natural values when allowing felling?

Felling in areas selected to compensate for damage caused by the construction of the Rail Baltica railway line showed that the Environmental Board is still not following the 2023 recommendation of the National Audit Office to make sure that the impact of felling on natural heritage sites has been assessed before approving the felling permit. The Rail Baltica case has shown that the Environmental Board's working practices allow to continue to carrying out felling in areas where the board is aware of there being a natural heritage value and has the necessary information to prevent damage.

This has resulted in both natural and economic damage. The most suitable replacement habitats for one species were destroyed, and 26 times as much forest land that can no longer be managed in the

usual way had to be additionally protected to compensate for the damage.

In addition, the adoption of the Lõuna-Pärnumaa regional plan, which was necessary for the development of the Rail Baltica railway, took more than half a year.

Setting environmental fees and monitoring environmental use

25 August 2025

Are the controls on the appropriateness of environmental use adequate and is damage caused to the environment compensated?

The Environmental Board's activities in granting authorisations for the use of the environment (environmental permits), in approving the methodology for accounting for the use of the environment and in monitoring the use of the environment are not sufficient to ensure that environmental fees are paid on the basis of the actual use of the environment and that companies in equivalent situations are treated similarly.

Due to the incomplete conditions of environmental permits and the basis for accounting for environmental use, the Board is often unable to establish unequivocally, even in cases of reasonable doubt, whether environmental fees have been paid on the basis of actual environmental use.

In two of the eight areas of environmental use, the Ministry of Climate has not established an environmental accounting methodology or there is no guidance from the Environmental Board on accounting for environmental use. In two areas, the methodology has significant shortcomings. Businesses have an obligation to keep their own records of their environmental use and to calculate environmental fees. However, in the four areas, companies account for environmental use on different bases and, as a result, environmental fees are not paid according to uniform rules.

Finance and public administration

Accuracy of the annual accounts of 2024 and regularity of the transactions of the state

28 August 2025

Is the annual report of the State for 2024 accurate and have the economic transactions been carried out in accordance with the State budget laws?

The State's annual report for 2024, which shows a consolidated result of EUR -0.7 billion for the State and consolidated assets of EUR 26.7 billion as of 31 December 2024, in all material respects, presents the financial position of the State and the results of its operations and cash flows for the year then ended, except for the note on the stock balance.

The National Audit Office was unable to ascertain the correctness of the balance of the Ministry of Defence's inventories of EUR 0.7 billion included in the item "Inventories" in the consolidated and unconsolidated balance sheet of the state as of 31 December 2024, as the Defence Forces did not provide the National Audit Office with data on inventories that were accounted for the first time and it is not clear which inventories, in what volume and at what cost have been included in the balance sheet and which have been left unreasonably unrecorded in the balance sheet.

The state budget implementation report provides reliable information on the state's revenue collected, expenditure incurred, investments and financing operations, except for the note on the budget implementation report of the Ministry of Defence. In the report on the implementation of the state budget for 2024, the Ministry of Defence understated the amount of EUR 24.3 million in subsidies received, EUR 16.9 million in investments made and EUR 144.8 million in expenditure.

In the opinion of the National Audit Office, the economic transactions of the state have been carried out in substantial compliance with the State Budget Act, the State Budget Act 2024, the State Supplementary Budget Act 2024 and the Acts Amending the State Budget Act 2024.

Preparation of Estonia's positions in European Union legislative decision making

10 October 2024

Have Estonia's positions been developed in a timely manner, with the involvement of stakeholders and on the basis of impact assessments?

Although the preparation of Estonia's positions in the European Union's legislative process is started early, the positions are often not ready by the deadline initially set, which may limit Estonia's ability to participate effectively in negotiations. However, only a limited number of affected stakeholders are able to provide substantive feedback and the impact analysis may not always take into account the specificities of Estonia.

Review of the implementation of coronavirus measures by the Estonian Business and Innovation Agency

20 December 2024

What is the status of repayments and guarantees of exceptional COVID time loans?

The risk of loan losses reaching 50% if crisis measures are implemented has not materialised. Fund receipts have been significantly better than forecast: some loans have been repaid to the state budget before maturity. In addition, EUR 25 million has been earned in interest and fees. It is too early to make a final assessment, as a large part of the loan amount, 41%, is still outstanding with deadlines in 2025 and 2026.

Reducing greenhouse gas emissions in state-owned companies

1 August 2025

How is the reducing of greenhouse gas emissions from state-owned companies managed?

Recent government coalitions have declared in their pacts that it is important to make Estonia's economy more climate-neutral and sustainable. The Government has set a goal for the Climate Resilient Economy Act to provide a pathway for Estonia's sectoral transition to a clean economy. The National Audit Office was interested in knowing whether the state has taken exemplary steps to address the environmental footprint of its companies.

The government has not considered it necessary to set greenhouse gas emission reduction targets for state-owned companies. The ministries that govern the participation of state-owned companies consider it necessary for the targets that the state considers important to be agreed upon in the principles of the participation policy, which are drawn up by the Ministry of Finance and approved by the government. Participating ministries acknowledged that their awareness of climate issues, including measuring and reducing greenhouse gas emissions, is limited. The National Audit Office also finds that it would be reasonable to come to an agreement on the principles of the participation policy determining in which cases and in what form the reduction of greenhouse gas emissions should be included in the expectations of the owner, i.e. it should be decided which state-owned companies, given their field of activity and size, can and should set central targets.